

Tube in crisis over decay

CHRISTIAN WOLMAR
Transport Correspondent

London Underground admitted last night that it may have to reduce services or slow down trains through speed restrictions unless more money is made available for investment from the Government.

A catalogue of decay and disrepair, some of it life-threatening, is portrayed in a report prepared for government ministers and leaked yesterday.

The report was not intended to be published because of fears that it would deter people from using the Tube and was

prepared to try to ensure that London Transport's grant from the Government is not cut in next month's Budget.

Transport infrastructure has traditionally been a balancing item in government budgets, often being cut at times of restraints on spending and London Transport has prepared this extraordinary document to put pressure on ministers not to make cuts.

Last year, after rumours of sharp cuts, the grant was unchanged at £350m, following a campaign by pressure groups and business interests. LT invests another £200m from pas-

senger revenue. This year, Department of Transport sources are bracing themselves for a 5 per cent cut, which would probably result in £100m being cut from LT's grant.

The document outlines in detail how several stations are in a state of disrepair which London Underground can only afford to patch up.

For example, Ladbroke Grove in west London, an elevated station built above a main road, is collapsing on its own foundations. The report suggests that there is a serious risk of collapse and that, until emergency repair work was carried

out, there was a one in six chance of someone being killed by falling masonry. Now the chance is still one in 30 and £1.7m is needed to remedy the problem.

Water penetration is causing severe problems at many stations. At Piccadilly Circus, tiles are falling off, putting passengers at risk of being hit and water is also shorting out electrical circuits. The cost of making long term repairs is £2.5m.

At Covent Garden, the increased use as a result of the successful redevelopment of the area, with 40,000 passengers using it per day means a total

ly new station is needed at a cost of £45m.

Escalators, too, are causing concern with a collapse of a stair at Euston causing a passenger to break an ankle. There is potential for what LT engineers call "complete step collapse" and as an interim measure £3.8m is needed for repairs, while the long term solution of a total redesign is £20m.

London First, the business pressure group, has calculated that an extra £150m per year would allow LT to cut the backlog of investment within five years and become self financing thereafter. The Underground is the only major metro system in the world that pays all its running costs out of the passenger fare box, with only investment being funded from government.

ArLT spokeswoman said last night: "This is a confidential internal study which we shared with senior government officials showing just how bad the consequences of a low budget could be. We are very hopeful that this will not happen but in any event the network will be kept in a state of repair by a regime of examination, maintenance, speed limits or withdrawal from service."

significant

Nuclear plant closed in alert over waste

Heightened radioactivity in waste water being discharged into the sea led to one of the two nuclear fuel reprocessing plants at Dounreay, in north Scotland, being shut down at the weekend.

The shutdown, revealed yesterday, is thought to have been due to a leak in a cooling pipe. Officials at the plant, operated by AEA Ltd, said the excess radioactivity was within authorised limits and posed no danger to the workforce or public.

The plant will be out of action for an unspecified length of time while engineers try to find the cause of the fault. The problem was discovered on Saturday during routine checks. *Charles Arthur*

Child taken to 'poisoned' village green

A 10-year-old boy was in hospital yesterday after playing on a village green, believed to have been contaminated with poison, which has already claimed the lives of three family pets.

Police believe someone who hates dogs is responsible and have warned parents to keep their children away from the green, in Thornaby, Cleveland. Warnings were also issued in schools throughout the area.

Vets were examining the carcasses of two of the dogs at Ministry of Agriculture laboratories in Thirsk, North Yorkshire.

Hospital staff set for strikes

Nurses, porters and other staff at some of the country's most prestigious teaching hospitals are set for a series of 24-hour strikes after voting for industrial action over pay, it was announced yesterday.

Around 1,000 members of Unions employed by UCL Hospitals Trust in central London are seeking a 6.5 per cent pay claim. The union has rejected a rise of 3.25 per cent for its members, who work at the Middlesex, University College and Elizabeth Garrett Anderson hospitals.

Memory lane shortened

It may be television's crown jewels, but broadcasters have decided that the early years of *Coronation Street* will not grip modern viewers.

Granada Sky Broadcasting, which launches seven new channels on cable and satellite today, has decided to start repeating the soap opera from 1976 onwards—missing out 16 years' episodes. Executives believe younger audiences would be left cold by the early programmes. *Marianne MacDonald*

Adviser 'stole charity cash'

A trusted financial adviser first sold the Salvation Army a multi-million pound "poppycock" investment scheme and then plundered £1.2m of it to pay off his "enormous debts", a court heard.

Former soldier Stuart Ford, 45, used some of his ill-gotten gains to buy a new house and car, it was alleged at Southwark Crown Court.

Hallucination is no illusion

Around 37 per cent of people report suffering from hallucinations at least twice a week, according to a survey of more than 5,000 people.

The *British Journal of Psychiatry* comments that hypnagogic hallucinations—vivid perceptual experiences occurring at sleep onset—are far more common than expected. Around 12.5 per cent of people also experience hypnagogic hallucinations which occur on awakening.

In both cases, the feeling of falling into an abyss was most common, followed by the feeling that someone or something was in the room. Other hallucinations included the sensation of flying, seeing moving or distorted objects, and being caught in a fire. *Glenda Cooper*

College trust chief named

Sir Angus Stirling, former Director General of the National Trust, was named yesterday as chairman of the trust with responsibility for the historic Royal Naval College in Greenwich.

The decision to hand over the running of the college in south-east London to a trust has caused concern at the nearby National Maritime Museum, which had hoped to play a major role in opening the Wren-designed 17th century buildings to the public. However, the University of Greenwich is to move into the site under the trust's administration.

Murder hunt suffers blow

Detectives in Kent, leading the hunt for the killer of Lin Russell and her six-year-old daughter, Megan, said yesterday that forensic tests on a hammer found near the scene proved it was not the murder weapon.

The oaks emerged just days before the funerals of Mrs Russell and Megan in north Wales. When the hammer was discovered on 9 September, two months after the brutal murders, police described it as "crucial" evidence.

Bus driver on drink charge

The driver of a double-decker bus carrying 82 passengers—mostly children—has been charged with drink-driving after being stopped on a busy motorway.

Police breathalysed the driver on the M6 near Preston, Lancashire. It is understood the bus, owned by a Liverpool firm, was taking a party to the Frontierland theme park at Morecambe.

New blow to Ulster peace

DAVID McKITTRICK
Ireland Correspondent

In an ominous sign for the continuation of the loyalist ceasefire, jailed members of one of the two main Protestant paramilitary groups yesterday announced that they were withdrawing support from the peace process.

The announcement came from prisoners affiliated to the Ulster Defence Association held at Northern Ireland's main paramilitary jail, the Maze prison outside Belfast.

It followed meetings between prisoners' representatives and leaders of the Ulster Democratic party, one of the groups which represent the interests of loyalist paramilitants at the Stormont talks.

UDF spokesman John White, himself a former prisoner, said he was concerned about a situation which could develop into crisis. He said the prisoners felt that republicans were talking about peace but in reality preparing for war.

The move is seen as a clear sign of growing strains on the loyalist ceasefire, which has held since October 1994. Last week's discovery of a major IRA explosives cache in England has convinced some elements, who had previously been prepared to give republicans the benefit of the doubt, that the IRA is intent on a return to large-scale violence.

In recent years, prisoners have been among the more moderate elements within militant loyalism, having strongly supported the establishment of the ceasefire.

Earlier yesterday, Gary McMichael of the UDF said that he viewed the IRA's stance with cynicism, adding that a restoration of the ceasefire would not be enough to allow Sinn Féin into talks on the same basis as other participants.

Unrest in loyalist circles has also been increased by Sunday night's abortive attempt by a republican splinter group to blow off a large bomb in Belfast. Police said yesterday that a car close to the city centre had been found to contain 250lb of homemade explosives, an amount large enough to cause widespread damage.

In Belfast four men appeared in a high security court yesterday, charged with terrorist offences after police raids last week.

Brian McHugh, Patrick Finney, Joseph Kelly, James Murphy and Michael Phillips were all remanded until 9 October.



Fighting talk: Police confront a protester outside a Merseyside container base where more than 300 demonstrators marked the first anniversary of the sinking of 329 dockers by the Mersey Docks Company. Two police officers were hurt and 41 people arrested. Photograph: Lloyd Wright/Mercury Press

Hamilton drops libel case over cash for questions

Former Tory minister Neil Hamilton and the political lobbyist Ian Greer dropped their "cash for questions" libel claim against the *Guardian* last night, in one of the most humiliating climb-downs in recent legal history.

The full-scale retreat came less than 24 hours before the action was due to start in the High Court today, with both agreeing to what Alan Rusbridger, the newspaper's editor, called a "substantial" contribution to its costs.

Mr Rusbridger said in a statement that the decision not to proceed "must be one of the most astonishing legal cave-ins in the history of the law of libel."

Mr Hamilton was suing over the paper's claim that he had accepted, without making de-

clarations in the Commons register of MPs' interests, £2,000 a time for tabling parliamentary questions on behalf of Mohammed al-Fayed, the chairman of Harrods, and for accepting free hospitality at Mr Fayed's Ritz Hotel in Paris. Mr Greer was suing over claims that he had acted as an intermediary.

One factor lying behind last night's decision is understood to be the rapidly deteriorating relations between the two plaintiffs. It will come as no surprise to close observers of Mr Greer, who had sensed he wanted out. For his part, Mr Hamilton had evoked the ire of some Conservative colleagues for bringing the highly embarrassing case, with its "sleaze" ramifications and in which John Major had been subpoenaed to appear as a witness, during the party conference season.

After months of bravado on the part of Mr Hamilton, the humiliation was complete when he and Mr Greer paid a joint £15,000 contribution to The *Guardian*'s legal costs, which will run well into six figures. Mr Hamilton said in a statement last night that he was "dejected" at having to withdraw from the action to fight Mr Fayed's "uncorroborated" statements, "but since a conflict of interest has now arisen between me and my co-plaintiffs, it has become necessary to each

of us to instruct new solicitors and new counsel."

Mr Hamilton, who secured a change in the constitutional rules covering MPs in order to proceed with the case, had been rumoured to have secured the agreement of Sir James Goldsmith, the leader of the Referendum Party, to underwrite some of his costs. But he said in the statement that the trial would have had to be postponed to enable new lawyers to prepare the case afresh at enormously increased cost.

"My costs to date have exceeded £150,000 and as a backbench member of Parliament I am simply out in a position to raise another substantial sum." Mr Hamilton said he would present evidence he had assembled to the Commons Committee for Standards and



Neil Hamilton: Said cost of case became too high

Privileges and would write to Tony Newton, the Leader of the House, to reactivate the committee's currently suspended investigations.

Independent school heads accuse Labour

JUDITH JUDD
Education Editor

Independent schools yesterday accused the Labour party of misleading them throughout a year of negotiations over a replacement for the Assisted Places Scheme.

Public school heads said at the Headmasters' and Headmistresses' Conference in Glasgow that they were stepping up their campaign against Labour plans to abolish the scheme after talks with Labour politicians stalled.

A year ago heads hoped Labour might be persuaded to put pressure on local authorities to buy places in independent schools for children with special aptitudes if Assisted Places were abolished under a Labour government. Vivian Anthony, the Conference Secretary, said: "We would have liked there to be some co-operation. All we have got is very nice smiles and everyone trying to be friendly and nothing that is real."

The heads have been trying to negotiate a deal under which independent schools would open their facilities more frequently to state school people in return for places bought by local authorities. Authorities already have the power to buy places under the Martin Rule but few do so. During the year, Labour has said that it will continue to buy places in music and ballet schools and floated the idea that local authority funds might be used to buy places in maths and science at independent schools.

Hugh Wright, head of King Edward's School in Birmingham said it was unrealistic to suppose

Hi-tech plan for University of the Highlands

JOJO MOYES

The Millennium Commission yesterday announced a £33m award towards the creation of a revolutionary University of the Highlands and Islands.

The high-technology dispersed campus will bring together 11 colleges of higher education and other specialist institutions through a digital communications network offering video and computer links. The award for the university was the biggest part of a total Scottish awards package of nearly £47m and by far the greatest of 10 announced yesterday. Most of them involve the creation or renovation of community centres and halls in Scotland, Wales and Northern Ireland.

The total cost of the university development is estimated at £86m but the commission's award is expected to encourage a total investment of at least £100m over the next five years, which will provide the university with other new communications facilities, libraries and learning resources, with major capital developments at each site.

The university's first degree, a BSc in rural development, was

launched earlier this month. It is being delivered initially by Lewis Castle College in Stornoway.

The project has drawn backing from local authorities, businesses and community groups across the region. Lord Dalkeith, Millennium Commission for Scotland, made the announcement at the Inverness headquarters of the development agency Highlands and Islands Enterprise (HIE), which made the funding bid.

The agency's chairman, Fraser Morrison, said: "This project will not only bring academic gains to the Highlands, but will provide a powerful and dynamic motor for economic and community development for the next century."

Many of the university's students are expected to be part-timers. The university hopes to attract the equivalent of some 5,000 full-time students. "This project will deliver a very different kind of university for Britain and Europe," Robin Lingard, UHI project director, said. "Its combination of community commitment, federal collegiate structure and strong emphasis on technology breaks new ground."

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Secret files opened: MI5 continued to believe that comic author could be prosecuted

A silly ass, but not a traitor: At last, the real story of PG Wodehouse

JAMES CUSICK

The writer PG Wodehouse was guilty of being a vain and stupid ass but nothing more, despite widespread baying for him to face treason or treachery charges, according to files released by the Public Record Office yesterday.

The creator of Jeeves and Bertie Wooster recorded five talks in 1941 for the Nazi authorities in Berlin which were later broadcast to Britain. Although no charges were brought against Wodehouse at the end of the war, in 1946 MI5 was still reluctant fully to abandon the case and was convinced it could be reopened.

The files released yesterday show the concern over Wodehouse's wartime activities reaching the senior echelons of the Foreign, Home and Cabinet offices, British Intelligence and the Prime Minister, Winston Churchill.

With the liberation of Paris in the autumn of 1944, Wodehouse, then living with his wife, Ethel, in the expensive Hotel Bristol, came back under the supervision of MI5.

The Foreign Office, two years after Wodehouse's Berlin broadcasts, had begun consulting the then Home Secretary, Herbert Morrison, about the likely public clamour for treason charges being brought.

Morrison, Churchill's astute socialist fixer, wrote: "I should think he [Wodehouse] must know enough to be aware that his position here [in the UK] will be, to say the least, unpleasant."

Morrison and the British authorities then began a series of manoeuvres to ensure they never faced putting Wodehouse in the dock. There appears, from the files, to have been a fear that a treason trial could embarrassingly collapse from a lack of evidence.

With Wodehouse, in 1944, seeking to leave Paris and possibly head for Portugal, the authorities guessed he would not wish to return to the England he had characterised and parodied in the novels and plays that had made him wealthy and internationally famous.

Morrison, in February 1943, had written: "If the rat has enough intelligence to leave the sinking ship, I should suspect he must have enough intelligence not to put himself within the jaws of the British mastiff."

Wodehouse and his wife were at their home in Le Touquet in northern France when they were arrested by occupying German troops in 1940. They were initially interned in a camp but after Wodehouse's marks by the Nazi authorities.

The paymaster was Werner Plack, a member of the German embassy's press department. Plack's name also surfaces in a money transfer of 560,000, which in late autumn 1944 made its way into Ethel Wodehouse's account via the Swiss consulate.

Wodehouse, known by the Germans as British Civilian Prisoner number 796 when he was interned, was later paid 250 marks by the Nazi authorities. The paymaster was Werner Plack, a member of the German embassy's press department.

Wodehouse claimed the money was never fully explained. An initial suggestion from Duff Cooper that the Wodehouses were short of cash was immediately dismissed on investigation. One assumption appears to be that the Wodehouses were still in the pay of the Third Reich whilst conveniently living and dining along-

side senior diplomats of the Allies. Despite allegations listed in the newly released files from Wodehouse's fellow internees that he was a "collaborator", the writer himself wrote to the Home Secretary in late 1944, admitting he had been "criminally foolish" to broadcast on German radio.

One theory mentioned in the files details an interview with an Austrian detainee, Freddie Kraus. This states that the Germans had originally thought Wodehouse "was the English Goethe" and that the "FO in Berlin had made fools of themselves", once they found out he was merely a comic author.

Wodehouse left Paris for the United States in 1947. He died in 1975, aged 93, shortly after receiving an honorary knighthood.



Not Goethe after all: The Nazis apparently overestimated PG Wodehouse's importance. Photograph: Tom Blau/Camera Press

Spode of the Black Shorts

Could a Hitler sympathiser have written *The Code of the Woosters*, featuring the preposterous Mosley pastiche, Roderick Spode, founder of the "Black Shorts"? Wodehouse wrote of Spode:

"It was as if Nature had intended to make a gorilla, and had changed its mind at the last moment. But it wasn't merely the sheer expense of the bird that impressed. Close to, what you noticed more was his face, which was square and powerful and slightly moustached towards the centre. His gaze was keen and piercing. I don't know if you have ever seen those pictures in the papers of Dictators with tilted chins and blazing eyes, inflaming the populace with fiery words on the occasion of a new skittle alley, but that is what he reminded me of."

Paris embassy's press department. Plack's name also surfaces in a money transfer of 560,000, which in late autumn 1944 made its way into Ethel Wodehouse's account via the Swiss consulate.

Why a Reich official, as his country was retreating back behind its own borders, would be anxious to pay a debt to Mosley, a member of the German

side senior diplomats of the Allies. Despite allegations listed in the newly released files from Wodehouse's fellow internees that he was a "collaborator", the writer himself wrote to the Home Secretary in late 1944, admitting he had been "criminally foolish" to broadcast on German radio.

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Wodehouse left Paris for the United States in 1947. He died in 1975, aged 93, shortly after receiving an honorary knighthood.

Mosley's links with Berlin are revealed

JOHN CROSSLAND

An MI5 report on the finances of Sir Oswald Mosley's Fascist party, drawn up for wartime Home Secretary Herbert Morrison, reveals that he won the German franchise for his commercial radio station Radio Sark, thanks to his wife's friendship with Hitler.

One of 18 heavily-weeded files on British Fascism released yesterday at the Public Record Office shows that Mosley's British Union of Fascists (BUF) was desperately short of money on the outbreak of war, despite the generous support of backers like Lord Rothermere, owner of the *Daily Mail*, and a former Air Minister.

The report, signed by G P Churchill, Secretary of the Special Advisory Committee on Defence Regulation 18b, said that the BUF's finances had been left "in a most unsatisfactory state" after the Special Branch "swiped" on 23 May 1940, following the Prime Minister's order "to cut the party off".

In 1936, the financial position of the BUF became very serious, he said. Because of his privileged background Sir Oswald had not needed to make money until he was 40. "Then for the first time he entered the commercial world. He was aware while in America that £20m a year was spent on radio advertising and such money could be employed in financing the movement to which he had given his life." Radio Sark, which broadcast primarily to France and Belgium, was one of the first such ventures in Europe.

G P Churchill told Morrison that in June 1938 Sir Oswald "entered into association with persons concerned with the government of Germany in connection with a wireless broadcasting station to be erected there". He said Lady Mosley was instrumental in achieving this, and quoted Sir Oswald's testimony to the committee: "She said: 'Hitler consistently and discreetly with him. I want to be ultra-fair about this, that knowing Hitler would get down open-

for her that otherwise could not be opened.' Lady Mosley, said her husband, was a great friend of Frau Goebbels and they had married in the Goebbels' Berlin home in Hitler's presence.

The report revealed that Special Branch had uncovered a secret BUF bank account, worth £86,000 (in 1940 values), which "was used as a conduit pipe to feed in funds to the organisation from supporters like Lord Rothermere, who wanted to conceal that support".

The files also show that while



Mosley, married at Goebbels' home in presence of Hitler

in Brixton prison in 1943, Mosley was used as a guinea pig in experiments with a revolutionary treatment to cure thrombosis.

A letter from Frank Smith, president of the International Haemophilic Society, complains to Morrison about the "abuse of its privileges in blocking development of an anti-thrombotic substance which would have mitigated the most serious aspects of Mosley's condition" which was then causing concern in the prison hospital.

The file is annotated, however, with a comment "Mosley treated with the new drug but the treatment was not completed due to his release" by Morrison, who "didn't want to make a martyr of him".

Widow fights for right to child by dead husband

PATRICIA WYNN DAVIES
Legal Affairs Editor

A young widow was yesterday preparing for a legal battle to be allowed to have a child using her dead husband's sperm. Meanwhile, another mother was embroiled in a test case over her refusal to allow her baby to have a liver transplant.

The two cases are the latest to spotlight the controversial ethical and legal arguments over "informed consent" to medical interventions.

They come in the wake of protests provoked by High Court rulings that a woman has no right to risk her own death and that of her unborn child by withholding consent to a caesarian.

In the latest dilemma, the Human Fertilisation and Embryology Authority (HFEA), which regulates artificial insemination, has blocked an attempt by the 30-year-old widow, DB, to have her dead husband's child because he never consented in writing to the use of sperm taken from him in March last year while he was brain dead on a life support machine after falling into a coma.

In the first case of its kind, Mrs B will challenge the authority's strict application of the law in a High Court judicial review tomorrow. Mrs B, from the Midlands, has protested that before his illness she and her husband had read about a widow receiving sperm from a dead husband and had agreed to the same if ever faced with a similar situation. "I know what his feelings were and I lost my husband," she said yesterday. "But I didn't lose the ability to have his child... I want the rest of my life back."

But Ruth Deech, chairman of the HFEA, said: "The notion of consent is fundamental to the Human Fertilisation & Embryology Act 1990. The Act expressly requires the written consent of a man to the storage and use of his gametes [sperm] after his death."

Moreover, written consent is only valid after the donor has had the opportunity to receive counselling, including consideration of the welfare of any child.

Directions made under the Act also ban the export of sperm unless it could be used lawfully in Britain, which means Mrs B cannot take advantage of offers by doctors to carry out the procedure in Belgium or the US.

Mrs B's predicament stands in contrast to a series of judgments on the other side of the coin where the consent rule does not appear to have been so strictly applied. But Sheila Kitzinger, of Positive Care in Obstetrics & Gynaecology, said: "I cannot help but feel that if a child learned about what had happened at a later date that child would feel very loved, very cherished and very wanted."

The British Medical Association said it had "tremendous sympathy" with Mrs B. But a spokeswoman said that the profession was "very anxious" that the principle of informed consent was not eroded in cases involving people in comas, or suffering from mental disablement.

John Parsons, the consultant in charge of the assisted conception unit at King's College Hospital, London, insisted: "It's important that people's genetic material is not used against their will. There is no way of being sure that although the man wanted a child with his wife, he also wanted her to have their child after his death."

As the controversy continued, a 27-year-old mother was meanwhile battling before the Court of Appeal in a test case over a parent's right to choose surgery for a child. David Harris QC for the mother's local health authority, said the court's duty was to decide what was in the "best interests of the child".

The mother fears that the child would not survive the operation or lead a satisfactory life.

10th Anniversary

Happy 10th Anniversary THE INDEPENDENT



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news

New cases bring CJD total to fourteen

CHARLES ARTHUR
Science Editor

Evidence is growing of a genetic link between people who develop the "new variant" of the fatal brain disorder Creutzfeldt-Jakob disease, which has been tentatively linked to eating BSE-infected food.

Two more cases of the "new variant" were announced at the weekend by the CJD Surveillance Unit in Edinburgh. Both victims were in their thirties. The diagnosis brings the total number of cases of the new strain in the past three years to 14, seven of whom have died.

A 15-year-old girl, who is still alive, has been confirmed as having CJD from tests on spinal fluid, using a technique developed in the US. She is not being included in the official statistics until the disease has run its course.

Though the growth in numbers this year could be the sign of the start of an epidemic, it is more likely to be an accident of timing, as the seven people developed the disease at different times, said Professor Peter Smith, an epidemiologist on the government's advisory body, Seac.

The new strain has been tentatively linked to BSE, or mad cow disease, because it differs in a number of respects from the classic form of CJD, which normally affects people over 60. The new strain has been found almost exclusively in Britain – apart from one case in France – in the past three years in people aged under 42. It is a similar sort of disease to BSE, in which the brain becomes "spongy" with holes.

Significantly, all of the 14 British victims have had the same genetic configuration on a particular point of the PrP gene, which produces a protein that is essential to the function

of some brain cells in its normal form. In CJD, this protein's shape becomes distorted after it has been made in the body by "rogue" proteins known as prions. The particular PrP configuration found in the 14 "new strain" victims occurs in 38 per cent of the population. The fact that no cases of the new strain have occurred in people with different PrP configurations could mean that others are less susceptible to the disease.

Sheila Gore, of the Medical Research Council's biostatistics unit, called yesterday for the CJD unit to issue more information about the number of suspected "new-strain" cases referred to it, rather than issuing figures only for confirmed cases. "Though only a certain proportion are confirmed, we need to know what proportion that is," said Dr Gore. "Once we know that, we can work back from the number of confirmed cases at any stage to how many suspect cases there are which will be confirmed."

The Department of Health intends to publish its latest quarterly report on CJD cases later this month, covering the three months to the end of September. However, there are no plans at present to include suspected cases in those under 40. Dr Gore said, "It would be useful if they did, because if it turned out that eventually 90 per cent of those suspected cases are confirmed as the new strain, we would have something to work with. If it was only 10 per cent, at least we would be able to decide not to take much notice."

Professor John Partison, head of Seac, said "I think it's notable that the total number of referrals isn't higher than in 1994, when the unit had its highest number of cases of CJD. That means there's not a great backlog of cases that haven't come through."

The urban future: Tory minister links crime to environment and condemns the 'executive close'



The postwar error: A car park at Canterbury, a city which is now trying to reduce traffic. Photograph: Kent News



The Thatchers bought a home on this executive estate in Dulwich, London. Mr Gummer calls such developments abominations

Blots on the city landscape destroy lives, says Gummer

NICHOLAS SCHOON
Environment Correspondent

John Gummer, the Secretary of State for the Environment, yesterday attacked urban eyesores, which he said, "destroyed the lives of a very large number of people".

And, in an unusual statement for a Conservative Cabinet minister, he said the bad environment resulting from many post-war developments was to blame for crime and anti-social behaviour. "It's not surprising that people draw graffiti, drop litter and steal," he added.

Mr Gummer was opening an exhibition on good design at the London headquarters of the Royal Institute of British Architects as part of his campaign to clear away eyesores and replace them with "good mannered" development which would be respected and admired for decades.

His targets were not just ugly 1960s concrete shopping centres and office blocks. He attacked "executive-style" housing for the

way it cut itself off from the rest of society. "The 'executive close' is an abomination: it's meant to say we live here but we are not of here," he said. Mr Gummer said ordinary villagers rarely came to accept the people who lived in such developments as part of the community.

The planning minister in the Department of the Environment, Robert Jones, will repeat those views in a meeting today with the National Federation of House Builders, which represents big home constructors.

Mr Gummer said Britain had much to learn from the Portuguese. There, when city authorities re-develop urban areas, they sometimes involve a historian and a sociologist in the design of the buildings and streets. The aim is to give a sense of continuity.

The Riba exhibition features 21 case studies where planners, landowners, architects and developers have, after consulting local people, collaborated in drawing up schemes to bring new life to run-down areas.

The case studies are part of a campaign which will lead to Britain's first official, government guidance on what constitutes good urban design – new buildings, roads and open spaces that fit well with their surroundings and that should stand the test of time. Several of the schemes depicted in the exhibition are certain to be built.

One is for the Whitefriars area of Canterbury, where the 1960s shops, multi-story car park and bus station built on a large bomb site within the still-standing city walls have become an embarrassment. The buildings clash with the narrow streets and the old, two- and three-storey houses which still dominate the cathedral city's historic core; in Whitefriars they are much taller, grey and flat-roofed and the streets are much wider.

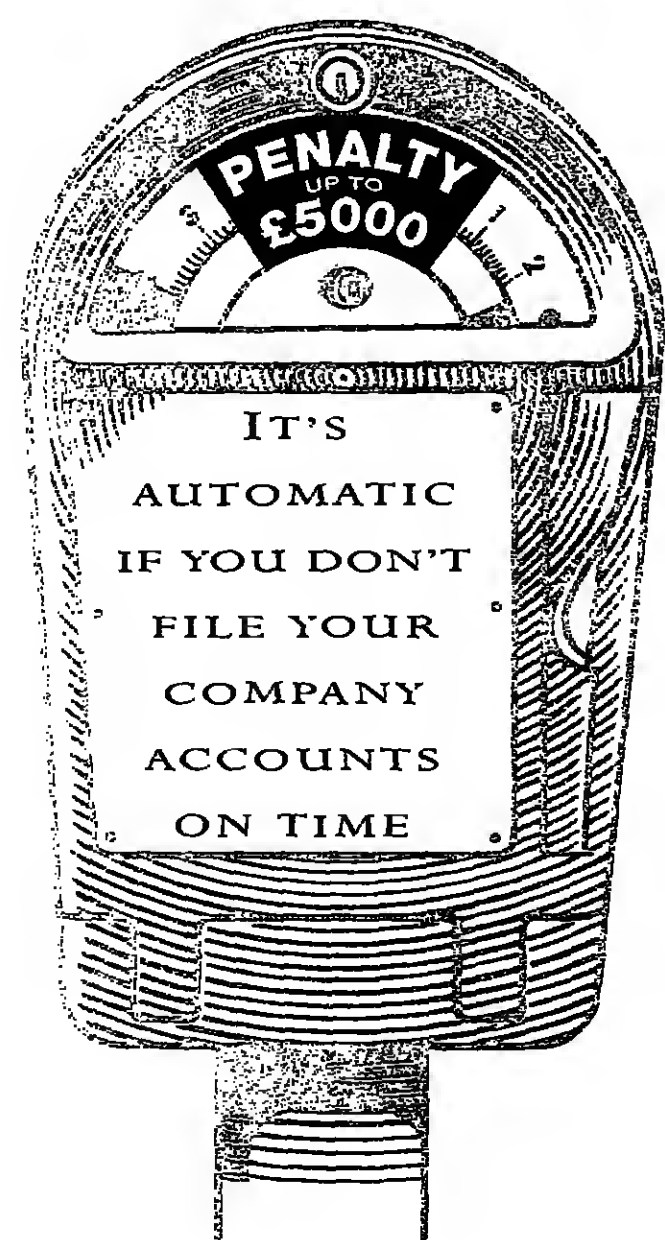
But while Canterbury City Council and another major landowner are well on the way to agreeing a new development, there are some out-

standing issues which show how commercial pressures can stand in the way of what is now regarded as good design.

Today's majority view is that there should be mixed development in city centres instead of the zoning of the past, with homes as well as shops and offices. That cuts the need to travel to work and helps keep the area alive at night. In Canterbury there is a debate on how much housing there will be in Whitefriars – currently there is none.

Another contentious issue concerns parking. The council's policy is to move car parks outside the city walls, making shoppers more reliant on park-and-ride schemes. It wants the number of car parking spaces in Whitefriars to be cut from the current 840 to 500. The chamber of commerce and many shop-owners are strongly opposed.

The exhibition runs at Riba, 66 Portland Place, London W1, until 19 October. Admission is free.



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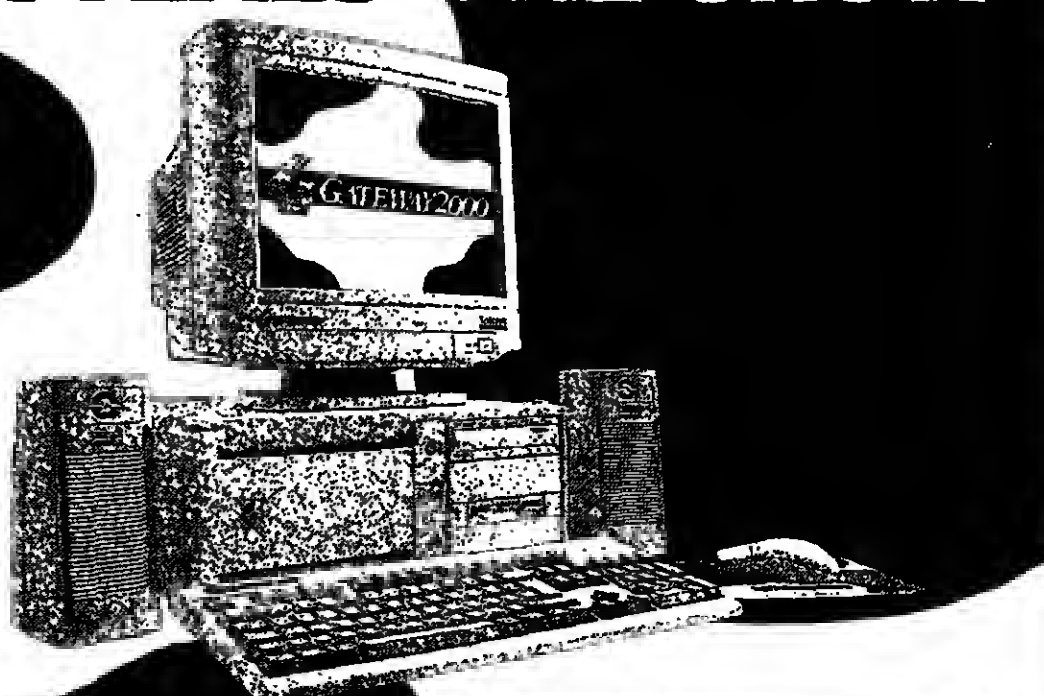
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drug,
lead
surg

DAVID
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Ban pain drug, says leading surgeon

LIZ HUNT
Istanbul

A leading surgeon yesterday called for a ban on paracetamol, one of the most widely used painkillers in the world.

Professor Sir David Carter, director of the Liver Transplant Centre at Edinburgh Royal Infirmary, said that paracetamol overdose was the commonest cause of acute liver failure and accounted for about one in 10 of liver transplants he carried out.

The cheap, over-the-counter drug is highly toxic to the liver in large doses and as little as 20 tablets can result in life-threatening liver disease. Many of those who take it are young and are making a "cry for help rather than a serious suicide attempt", he said.

Each year, there are 150 deaths and 30,000 hospital admissions due to paracetamol overdose. Following an overdose there is often a latent period in which the victim feels and appears quite well, thinks they have survived their suicide attempt and does not tell any-



Sir David Carter: Would like to see paracetamol off shelves

one what they have done and sees no need for medical help. When liver failure then develops it is often too late either to save the organ or carry out a transplant.

Speaking at the British Medical Association's annual clinical meeting in Istanbul yesterday, Sir David said: "I would like to see it off the shelves... I don't understand the reasons why it is available."

A paracetamol formulation, containing the chemical acetylcysteine, which acts as an antidote to the drug's toxic effects on the liver, is available but is much more expensive than paracetamol tablets. There is little support either from the Government or the drug industry for safer formulations at a more accessible price.

Sir David has promised to highlight the dangers of the drug in his role as the newly appointed Scottish Chief Medical Officer. Another issue he said, he would emphasise is the idea

British Medical Association annual clinical meeting

of living people becoming kidney donors.

Less than 10 per cent of kidneys transplanted in the UK come from living donors—usually a close relative or partner willing to give up one of their healthy kidneys for someone in end-stage renal failure who needs dialysis to survive. In Norway, where living donors have formally been incorporated into the national transplant programme, the figure is 40 per cent, and in the US 20 per cent.

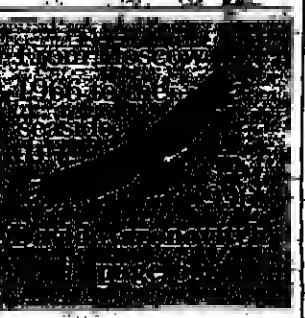
The success rate of living donor transplants over that of kidneys removed from a dead donor was "startling", he said. After three years, 85 per cent of kidneys donated by a spouse were still working satisfactorily, and 82 per cent in the case of a parent-to-child transplantation. However, the figure falls to 70 per cent if organs from a cadaver are used.

The use of a "fresh" kidney from a healthy living person was key to the success and appeared to over-ride tissue match consideration, Sir David said. "I am very struck by these figures. The results are so good. Why shouldn't we be doing more?"

He said the risk to the living donor was small: "The Norwegian experience now extends to some 1,200 cases. None of the donors have died as a result of their donation—although two are [in kidney failure] after an interval of 12 to 15 years."

An estimated 5,000 people in the UK need a new kidney and about half will get one. Demand for organs is increasing at about 5 per cent a year.

Liver tissue donations are more problematic because of the significant risk to the donor, Sir David said. Technical advances mean that liver transplants can be carried out using grafts (lobes of the liver) taken from a living person, and a small number have been performed around the world, usually parent to child. "If you have a mother wanting to donate to a child—with the possible risk to her life—then the problems are obvious," he said.



DAILY POEM

Autumn Haiku

The chrysanthemums
burning—among the flames
one flower opening

Toshiro Nomura

Six watching wild ducks
migrating—clapping knees as
in turn burials

Akiko Arima

From the pigeon house
one feather floating up to
the brilliant full moon

Shugyo Takaha

All sick patients
stretching out their white hands to
autumn leaf bonfires

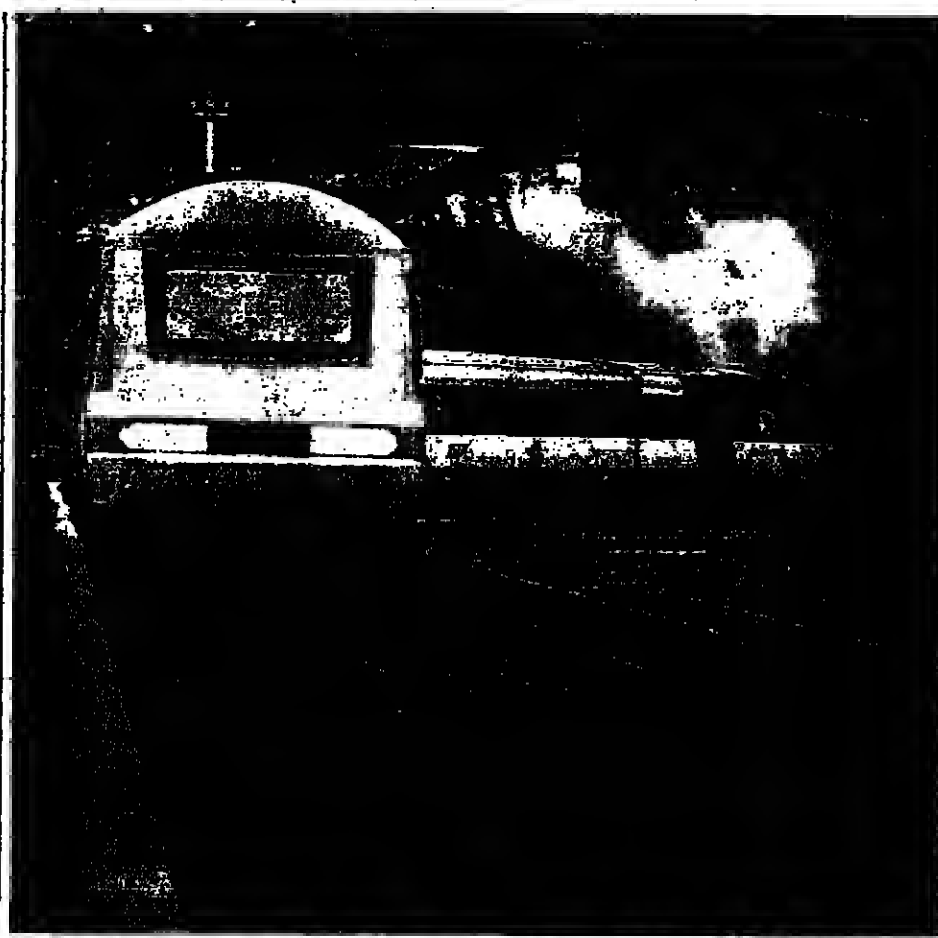
Hakyo Tshida

Autumn in Japan does not coincide exactly with autumn in Europe, writes James Kirkup. The ancient lunar calendar is still respected in rural areas, governing the dates of festivals and religious ceremonies, so that August is already autumn in the traditional world of haiku. Hiroshima Day on 6 August falls within this time. The usual imagery of falling leaves, the harvest moon, chrysanthemums and migrating birds, however, is common to both oriental and Western cultures. I have chosen traditional haiku that fit both conceptions of autumn.

James Kirkup is president of the British Haiku Association.

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All change: A 125, in its new GW livery, pulls in at Bristol Temple Meads. Photograph: SWNS

Great Western colours leave fans steaming

CHRISTIAN WOLMAR
Transport Correspondent

The expected rush of new logos and train liveries following rail privatisation began in earnest yesterday with Great Western becoming the first of the new companies to abandon all vestiges of its British Rail design.

In unveiling its new dark-green and ivory livery, which will disappoint traditionalists who hoped for a return to the line's traditional chocolate and cream, the managing director of Great Western, Brian Scott, confirmed many of the improvements promised when the line was privatised in February.

Great Western, which operates inter-city services to the West and South Wales, is now run by a consortium controlled by the management-employee buy-out team, with support from a bus company and a merchant bank.

Mr Scott said Great Western had increased the number of trains every weekday from 134



Steam age: Carriages on a poster sport the old GWR colours

to 139 and promised that a half-hour shuttle service to Bristol and Cardiff would be introduced by the summer of 1999. Two extra train "sets" had been bought, innovations such as family carriages are to be extended, and there will be a new uniform for 1,500 staff. Half the fleet of 38 trains will be sporting new livery by next autumn. While John Watts, the rail

minister, was on hand to extol the benefits of rail privatisation, Richard George, Great Western's deputy managing director, admitted that many of the improvements might well have happened under BR.

"In many respects it's not different under rail privatisation," he said. "But we can get off our backsides quicker and we have fewer bureaucratic constraints."

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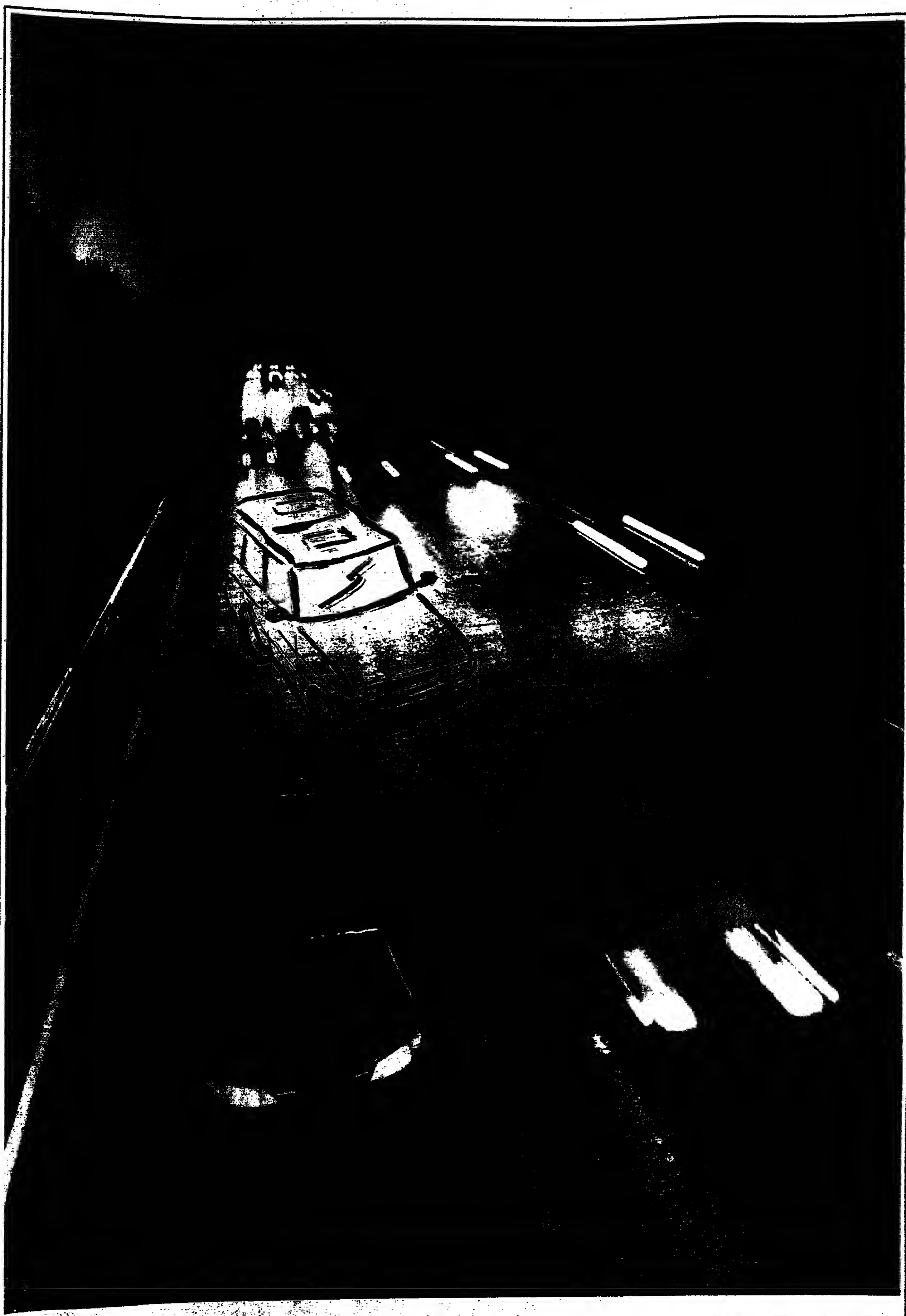
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Middle East showdown: White House firm in face of Arab leaders' request to delay talks

US steps up pressure for crisis summit

PATRICK COCKBURN
Jerusalem

Dismissing Arab demands for a postponement, the United States yesterday pressed ahead with plans to convene an emergency Middle East summit to try to restore peace between Israel and the Palestinians. Mike McCurry, the White House spokesman, said: "We expect the meeting that the President announced yesterday to proceed."

Earlier, Yasser Arafat, the Palestine Liberation Organisation chairman, and President Hosni Mubarak of Egypt, asked President Bill Clinton to postpone the summit set for tomorrow in Washington. Binyamin Netanyahu, the Israeli Prime Minister, and King Hussein of Jordan have already left for the US. Later, after American officials said there was no question of delaying the summit, Palestinian officials said that Mr Arafat would go to Washington in any case. US officials said last night President Mubarak would not be coming.

The request for a delay came because both Mr Arafat and President Mubarak said they wanted assurances that the summit would produce something. Mr Netanyahu has said he will not discuss the closure of the tunnel in the old city of Jerusalem, which sparked off the fighting last week in which 59 Palestinians and 14 Israelis died. Both the US and the Palestinians say they want a date for the Israeli redeployment from Hebron, now under heavy curfew, which Mr Netanyahu has long delayed. Mr Arafat will first go to Luxembourg for a meeting with European Union foreign ministers before continuing to Washington.

Mr Netanyahu, on his way to

the US, called for non-stop negotiations with the Palestinians on withdrawal from Hebron. The offer is likely to be treated with suspicion by the Palestinians because the terms of an Israeli redeployment were signed last year; they want the accord carried out as agreed.

Asked if Mr Clinton had any commitments that the Washington meeting would produce substantive results, Mr Mc-

Curry said: "The talks are occurring without preconditions. But based on the President's conversations yesterday, he hopes and expects the leaders to arrive in a frame of mind to make progress on the issues that divide them." Five weeks before the presidential election, Mr Clinton will be eager to avoid anything which looks like a diplomatic failure, but he will also not want to alienate Jewish American voters by putting pressure on Mr Netanyahu.



Refusal: Hosni Mubarak is not to attend the summit

Earlier, an all-night meeting between Israeli, Palestinian, US and UN officials failed to produce any agreement on what would be on the agenda in Washington. Marwan Kanafani, the Palestinian spokesman, said: "The idea was to agree on most everything here before going to Washington, but no conclusions were reached." He said the meeting between Abu Mazen for the PLO, Dore Gold for Mr Netanyahu, and Martin Indyk, the US ambassador, was a failure.

Mr Kanafani said: "The Israelis refused to agree on any political issues. They wanted to discuss security issues. They are not serious and Arafat does not want to meet Netanyahu just for the sake of meeting him."

Meanwhile, Israeli commanders in the Gaza Strip were quoted as saying yesterday that indiscriminate shooting by Jewish settlers and Israeli soldiers ignited the bloodiest day of clashes in the strip last week. At least 21 people were killed and 350 wounded. The daily Haaretz said that during a tour of the Gaza settlements on Sunday, General Ariel Sharon, the Israeli Infrastructure Minister, was told by army commanders that shooting by settlers and Israeli soldiers had set events spinning out of control.

The commander of the Kfar Darom sector, Lieutenant Colonel Avi, told General Sharon: "An assembly began and stone-throwing, and there was a demonstration and attempts to disperse it by Asaf [the Israeli officer in charge] and also by the Palestinian police. The demonstrators got too close to the [settlement's] fence and shots were fired in the air. That pretty much set the sector on fire."

The newspaper quoted Brigadier General Yitzhak Eitan as adding: "This place is what set the whole strip on fire in the morning." Mr Netanyahu has accused Mr Arafat and the Palestinian police of opening fire first.



Ancient pathway: An orthodox Jewish family make their way through the disputed archaeological tunnel recently reopened in the old city of Jerusalem. Photograph: AP

Europe has meagre offerings for Arafat

SARAH HELM
BRUSSELS

Might the Europeans now step forward to save the Oslo accords? Might the Europeans, at last, seize the initiative from fumbling Washington, and attempt to steer the Middle East back on to the path of reason? Last night Yasser Arafat flew into Luxembourg to find out. In a surprise move, the European foreign ministers invited him for emergency talks on the eve of the proposed Middle East summit in Washington.

For Mr Arafat the purpose of the meeting was clear. Both the Europeans and the US are "brokers" in the peace process. Brokers are expected to use influence to ensure the peace-making parties keep to their agreement. Since the eruption of violence last week, it must now be clearer than ever to Mr Arafat that the US can no longer be deemed an "honest broker".



Israel's breaches of both the spirit and word of the Oslo accords are plain for all to see, yet Bill Clinton shows no sign of willingness to pressure Mr Netanyahu. In the run-up to the presidential election, Mr Clinton is unlikely to change his tune. Mr Arafat came to Luxembourg, therefore, to try to persuade the Europeans to do what Mr Clinton refuses to do - to stand up to the Israeli Prime Minister.

The Europeans have potentially a large degree of influence over the Israeli government and there are many levers the EU could pull, should they so wish. For the EU, the benefits of active intervention in the Middle East peace process might seem self-evident, with stability on Europe's Mediterranean ring of paramount importance. The EU last year signed a far-reaching trade association deal with Israel, offering wide access to EU markets and EU funding for research and development. Israel

greatly values its image in Europe and Europe is its biggest trading partner. Under the previous Labour government of Yitzhak Rabin, Israeli officials spoke in staccato terms of Israel's future as "European" rather than Middle Eastern.

Many in the Labour foreign ministry even spoke of the day when Israel might join the EU. While the Likud government may be less enamoured of its European neighbours, even Mr Netanyahu understands the enormous value of Israel's ties with the Europeans.

Despite such influence, however, European political leaders rarely speak on matters concerning Israel without consulting Washington. For the Europeans, even the purpose of last night's meeting with Mr Arafat was distinctly unclear.

At first, it appeared that the EU invitation was issued to Mr Arafat largely out of pique, because no European leader

had been invited to the planned Washington summit.

The so-called "troika" of European foreign ministers, Lamberto Dini of Italy, Dick Spring of Ireland and Hans van Mierlo of the Netherlands, appeared to have nothing of substance to offer Mr Arafat other than the familiar incantations of support for the peace process. Given the difficulties that the 15 have in reaching agreement on sensitive questions of diplomacy, it has often been easier for the EU to pass the Middle East buck to the US. Occasionally, the Europeans have tried to take a clear political stance, but usually the member states end up squabbling. For example, the troika is currently debating whether to visit the Palestinian leadership in Orient House, in Arab East Jerusalem next month. Orient House is the symbolic Palestinian "government" building in which Israel is trying to close down.

The European's have, throughout the peace process, tried to save their consciences over the Middle East by digging deep into their pockets rather than raising their heads above the political parapet. The Europeans are the biggest aid donors to the Palestinians. In 1993 the EU promised 50 million Euro to the Palestinian authority each year for four years. It was the Europeans who largely financed and arranged the Palestinian elections last year.

The best Mr Arafat can hope for from the European "brokers" is probably statements of good intent and further promises of aid. On Tuesday, EU foreign ministers will agree a mandate for a trade and co-operation agreement with the Palestinians. Such a deal, however, falls well short of what Mr Arafat came to ask for. He needs the Europeans to use their muscle to force Mr Netanyahu to move, and soon.

Clinton risks exposing limits of his influence

RUPERT CORNWELL
Washington

It is a summit on which the future of what is still referred to as the Middle East peace process may well depend. Yet 24 hours before its advertised opening, no one was quite sure who would attend, how long it would last, how the talks will be arranged, what topics they would deal with, even whether the two protagonists would actually meet face to face.

Such was the situation here on the eve of the most vital peace-making initiative of the Clinton Presidency, forced upon him in the midst of a presidential election campaign, just as he was about to prepare for an important televised debate with his Republican opponent, Bob Dole. In fact the two events - the desperate, improvised bid for a truce between Israelis and Palestinians and the choreographed debate over whose format negotiators jockeyed for weeks - have become inextricably entwined.

This was supposed to have been a quiet week by Bill Clinton's hectic standards; a little campaigning, signature of spending bills for the fiscal year 1997 and then, on Thursday, a three-day retreat to ready him-

self for the confrontation with Mr Dole. Those plans now hang by a thread. Dismissing with most undiplomatic brusqueness Yasser Arafat's request for a postponement, the White House insisted the summit would be held today and Wednesday. "We expect the meeting to proceed as the President announced," his spokesman, Mike McCurry, said.

What Mr McCurry did not dwell on were Mr Clinton's plans should the discussions get bogged down, or if US mediation at the highest levels proves the only means of moving them forward. Would he depart none the less with his debate briefing books, even at the risk of a spectacular foreign policy failure that could place him on the defensive with Mr Dole? The answer is, surely not.

Be it domestic or foreign affairs, no one calculates the political consequences of a given move more carefully than Mr Clinton. Yet in this instance he had little choice. In his own words on Sunday, the violence in Israel was "spinning out of control", threatening not merely to set back, but to destroy the entire "peace process" pursued since 1991 by a Republican and a Democratic president alike. Virtually ignored during the

first days of the crisis, the US had to act, whatever the risks, to preserve its own credibility.

And these risks are not negligible. The conventional wisdom is that the President has little to lose: a successful outcome would be a colossal boon to his campaign, projecting him as a president using the weight of his office, dispelling some fresh doubts over his competence in foreign policy. Even breakdown need not be disastrous: the American electorate have watched enough presidents grapple with the Middle East to understand that even a combination of Bismarck, Machiavelli and Marcus Aurelius would find the problem intractable. Like his predecessors, Mr Clinton will be judged to have done his best.

The real danger lies in the US being snubbed, or being shown to have no influence on proceedings. Hence its bluntness as Mr Arafat hesitated. Hence too the ill-concealed disappointment that Egypt's President Hosni Mubarak will not be counting, failing any guarantee that Israel would take any serious step towards the Palestinians, either on the archaeological tunnel by the al-Aqsa mosque, or on the wider issue of implementing the Oslo peace accords.

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Crisis in Afghanistan: Fundamentalist militia could bring stability to the region and open up trade routes for Pakistan



Hold up: A Red Cross convoy waits at Torkham to cross from Pakistan into Afghanistan with food aid. Photograph: Reuters

Bhutto denies aiding Taliban's advance

RAYMOND WHITAKER
and TIM MCGIRK

Benazir Bhutto denied yesterday that her government had helped the Taliban militia to seize control of neighbouring Afghanistan, and said she "hoped to exercise a moderating influence" on the fundamentalist movement, which has imposed sharia (strict Muslim law) and forced women into purdah. But, the Pakistani Prime Minister said, "if a government emerges in Afghanistan, we have to work with it".

"When the Taliban closes girls' schools, I am unhappy," Ms Bhutto said at a lecture in London. "This was conveyed to them, and I was told some of the schools had reopened." Although Pakistan recognised the

movement as the new Afghan government barely a day after it captured the capital, Kabul, last week, she insisted her government had remained neutral, and was still waiting to see whether the Taliban could assert control over the whole country.

Ms Bhutto, who has powerful opposition from fundamentalists at home, admitted that the Taliban was a "militant" organisation whose effect on women and on the more liberal atmosphere in Pakistan would have to be considered. "We will find out whether it is a tribal movement, or whether it is an expression of people's desire for peace," she said.

"We have to let Afghans determine their own future, whether it is good, bad or ugly. The Pakistani government,

she said, had wanted a peace brokered by the United Nations and the West, but international attention had been diverted by other conflicts, leaving a vacuum which the Taliban had filled. "Let us now see if they can bring peace to Afghanistan for the first time since 1979."

Pakistan has long wanted to open trade routes across Afghanistan to the developing economies of central Asia, and suspicions remain that Islamabad's Inter Services Intelligence organisation, which frequently operates outside civilian control, backed the Taliban. Ms Bhutto said there would be economic benefits if the region were more stable, but added: "We didn't expect the Taliban to take over Kabul."

In many ways, the Taliban might be more acceptable to Islamabad and even to Washington than they are to the majority of Afghans. With unseemly haste, the Clinton administration has also given support, even as the corpse of former dictator, Najibullah – supposedly under UN protection – was still dangling from a Kabul lamppost. Diplomats in Islamabad and New Delhi said that the Americans are not displeased by the Taliban conquest of Kabul, despite the refusal of the militia's ruling six-man council to behave according to the minimum acceptable norms on human rights. Washington views the Taliban as useful in preventing the spread of Islamic revolution from neighbouring Iran, since Kabul's new lords belong to the

Sunni sect and consider the Shia of Iran to be little better than heretics. Washington also looks upon the Taliban as useful allies in the international war against drugs.

The Clinton administration is also counting on the 20,000-strong Taliban militia to deal harshly with the various Islamic revolutionaries and terrorists, from the Middle East, the Gulf and even Chechnya, who have been using Afghanistan as a sanctuary and arms bazaar.

Yet the Taliban may prove to be dangerous partners for the West and for Pakistan. Instead of containing Iran's thrust into South and Central Asia, the Taliban's extremism may provoke it. A large Shia community lives in Kabul and central Afghanistan, and Iran is worried that these Shia might fall under the Taliban's persecution. If this happens, Iranian forces might be drawn militarily into Afghanistan. Pakistan, which supports the Taliban, might then spring into the fray.

Several opium lords were executed by the Taliban, but drug enforcement experts claim that last year Afghanistan flooded the European, US and Eastern markets with over \$75bn (£48bn) of heroin. Much of this poppy was harvested in fields under the Taliban's supposed command.

The Taliban believe in wielding the sword – or Stinger missile – in Allah's name. India is worried that the Taliban might soon export its holy warriors into Kashmir.

Defeated army pursued into the mountains

ALISTAIR LYON
Reuters

Kabul – Afghanistan's Islamic Taliban militia swept northward in relentless pursuit of the country's former government forces yesterday, claiming victory over key towns and a province north of the capital Kabul. The Taliban now control three-quarters of the country.

Taliban fighters said they had bottled up the former defence minister, Ahmad Shah Massoud, in his Panjshir valley stronghold following a two-pronged advance overnight. The militia was halted at the village of Golbahar at the mouth of the narrow gorge leading into Panjshir, fighters said. They were awaiting orders on whether to assault the valley – one of the few areas still under the control of the government.

A second prong pushed north from Jabal al-Siraj, up the Salang highway that runs north from Kabul into central Asia, where they confronted the northern warlord, Abdul Rashid Dostum. General Dostum has moved significant forces into the area north of the Salang tunnel, which crosses the Hindu Kush mountain range.

The Taliban were reported to have asked the forces of General Dostum to allow their fighters passage into the north, but the demand was said to have been rejected. It was not immediately clear whether the Taliban wanted the passage through the Salang Highway to attack some northern provinces still held by forces loyal to the ousted president, Burhanuddin Rabbani, or wanted to capture Dostum's territory.

Dostum has so far stayed away from the fighting between Taliban and the former Kabul government, which he also opposed.

Taliban sources said that Kapisa province to the east of Golbahar and its capital Mahmud-i-Raqi had also fallen to the militia yesterday. Mohammad Gul, deputy Taliban commander of a military barracks near Kabul, said: "We intend to capture all the former government areas, including the Salang tunnel and the Panjshir," he said.

It was not immediately clear how easy it would be for the Taliban to capture the valley, held by Massoud's men throughout the 1980s against several major assaults by Soviet troops backing Kabul's then-communist government. The speed of his retreat – from Kabul to the valley in just three days – seemed to have dismayed the Tajik people he leads. "We just don't know what's happening. We don't know whether Massoud has a plan or is just running," said one ethnic Tajik shopkeeper in Golbahar.

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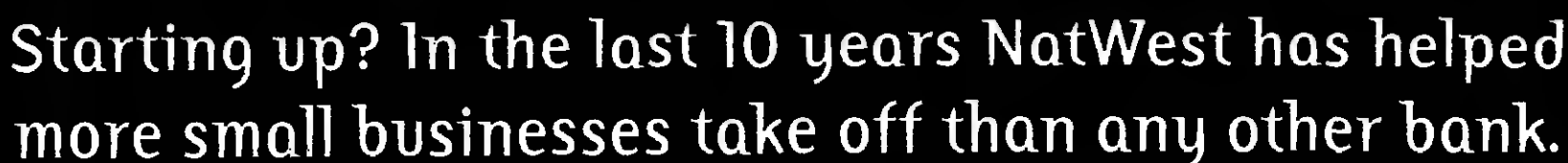
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Kohl kept the peace while Wall tumbled

Mr Kohl says he later dis-



"The strongest reservations came from Number 10 Downing Street," Mr Kohl writes, ac-



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Use Nazi gold to ease plight of survivors

هَكَذَا مِنْ الْأَهْلِ

This woman is right to want life after death

Ms DB should be allowed to bear her husband's child. She has watched her husband die from sudden illness, and now she is fighting in the courts to be impregnated with his sperm so that she can have the baby she says they both wanted. The idea that she should be stopped because he was incapable of signing the right piece of paper seems, on the face of it, inhuman.

Empathising with her is easy. It happens every day: people are killed or struck dead by sudden illness, leaving loved ones behind. They always wanted to have children together, talked of it, and now the partner who is left behind feels more than ever the need to build something on the foundations of that lost love. A child is the ultimate testimony – perhaps the one mitigation of immortality that answers the brutal fact of death. Generations of poets have described this. Millions of people are the children of men who died before their birth. But only now has technology made it possible for a woman to conceive, rather than to carry, a child after her husband dies. And the real question is whether or not this raises our ethical dilemmas.

In an advanced society, ethical problems are codified and paper-wrapped in legislation. As far as the Human Fertilisation and Embryology Authority is concerned, the law cannot allow this woman to have the baby

she wants. The law says that a man must give his written consent for his sperm to be used – whether the partner is to be impregnated before or after his death. And consent must be informed by understanding, too. Whether husband and wife, or strangers, everyone involved needs to undergo appropriate counselling before something so emotive as the creation of human life can go ahead.

Nor is it only fertilisation in which consent must play such a central role. If Ms DB had wanted to donate her husband's heart or kidneys for transplant surgery, she could not have done so without his prior agreement. When death comes suddenly, no matter how much relatives may speculate about the probable desires of the deceased while he was alive, it is too late. The dead can't sign.

This framing of the law suggests that there is an ethical question here, buried in the seemingly cold, bureaucratic "no". And there is. In theory, the impregnation of women with dead men's sperm could lead to unpleasant and morally dangerous outcomes. Imagine the clamour of Beatles fans desperate to be impregnated with the sperm of the late John Lennon. Ask what happens if an ex-wife or ex-lover demands the sperm of a dead man who over wanted her children. How would the grown child feel? And if it can happen one way, what

about the other way? Would we really feel comfortable with men requesting the eggs from the ovaries of dead wives and partners, to be impregnated and implanted in the womb of a surrogate?

As we have been learning again and again this year, with fertility treatments, and frozen embryos, the ethical questions on the frontier of new medical technology are not easy. Most of us struggle and fail to find simple principles to guide us through dilemmas that could not have existed 30 years ago. In the absence of easy answers, we muddle on from case to case, making

our minds up on the specific details as they arise.

But this is not a bad thing. Muddling on means, in practice, applying humanity, individual moral sensibility and common sense to individual cases. It means accepting a certain leeway for individuals to struggle with their own choices. It means acknowledging that one person's choice will not necessarily meet with general approval, but may yet turn out to be the right one. And all that means leaving the law loose enough for those choices to be made wherever living people are not hurt by them.

The Human Fertilisation and Embryology Act isn't stupid or heartless. Underpinning it are sensible thoughts about human life – it is not the best possible start in life for a child to have one parent dead, and the other recently bereaved. We would hope that a surviving would-be parent could be well counselled, and advised to wait until the initial shock of the death had passed. But the law does appear to be too tight, a little too logically drafted for human complexities. Ms DB is still hoping that it can indeed be reinterpreted more broadly, to allow her to bear the child she wants. The courts could still concede that where the donor is one of a close couple, where relatives and friends agree that it was what he or she wanted, written consent should not be needed, even if the donor is dead.

But whatever her defence, DB should be allowed to make the decision to have the child. Under the existing, unsustainable arrangements, the law is caught in the absurd position of trying to defend the interests of the dead by stopping something that, in this case, everyone agrees the dead would have wanted. It is preventing those who cannot answer for themselves from becoming parents against their will. Yet by doing so, the law will doubtless be denying some of the dead what would have been their dearest living wish. The law is not an ass. But

it is an abstract code, a crude attempt to map the complexity of life with rules and absolutes. And where, as here, we are all feeling our way blindly forward, the law should stand a little back. It may well turn out that Ms DB, whoever she is, is wiser than the Human Fertilisation and Embryology Authority.

Something rotten in the country

Country landowners have finally confronted the modern urban complaint about Britain's moist green meadows – her rich glinting loam, her busy farmsteads, her picturesque ducks, her rootling pigs. They stink. Townies loathe the smell of food production, the reek of manure and the whiff of slurry. Landowners, recognising the economic power of these weekend visitors, now suggest there should be curbs on whee manure is sprayed about. But why stop there? Urban Britons have become used to certain "natural" aromas, like "bluebell wood" air fresheners. What we need is for the rural landscape to be sprayed with flowery odours manufactured by chemical companies – the air freshening of Old Britain. And instead of trees, we could plant giant cardboard pine trees. Then we could walk out, inhale and enjoy the country properly.

LETTERS TO THE EDITOR

Use Nazi gold to ease plight of survivors

Sir: There is at last serious talk of restoring money to those Jews and their families who deposited funds in Swiss banks, and who later became victims of the Holocaust. There is also a suggestion that the £40m that the Bank of England still holds from the Nazis should be used for the benefit of families of victims of the Holocaust.

While we realise that it will never be possible to be absolutely equitable in the distribution of such funds, as and when they become available, there is one overlooked group who we believe should be a priority, to whom funds must be made available now.

Of the approximately 6 million Jews, and 7 million other victims of the Holocaust, there are still some half a million survivors living today. Many of these survivors are still emotionally and mentally tortured by their experience. In many cases the difficulties of these survivors have grown more severe with old age. We propose that an appropriate international body should administer the substantial funds needed so that adequate emotional and appropriate medical support for the long-term effects of trauma can be guaranteed to these people.

Perhaps by this act we will enable survivors finally to find some respite. The children of Holocaust victims suffer disproportionate emotional problems. These have also been largely unaddressed, thereby perpetuating the legacy of this violation of humanity.

Survivors still endure the ongoing consequences of the Holocaust, and we believe that the first duty is to help them. At present there are grossly inadequate funds for the necessary ongoing support that many survivors require. We urge all those who are looking for what is just and equitable not to forget the needs of those living – especially those who still inhabit a private world of torture, created by experiences that few of us today can imagine.

RICHARD HORNSBY
Director, Sir Robert Mond Memorial Trust
HELEN BAMBER
Director, The Medical Foundation for Victims of Torture
The Hon DAVID BERNSTEIN
JUNE JACOBS
HELENA KENNEDY QC
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Sir SIGMUND STERNBERG
Dr ANTHONY STORR
Dr STUART TURNER
President, European Society for Traumatic Stress Studies
Professor JAMES WATSON
Chairman Department of Psychiatry and Psychology, United Medical and Dental Schools of Guy's and St Thomas' Hospitals
LADY ZUCKERMAN
London SW1

Pensioner's treat

Sir: Now that a first-class stamp costs 26p and my husband is nearing 80 years of age, I did wonder if the Chancellor of the Exchequer, in the kindness of his heart, could see fit to increase by one penny the extra 25p pension due to him on that occasion, to enable him to buy one.

Mrs E F TAME
Mildhurst, West Sussex



Michael Heath's Britain: HRH The Princess Royal arrives at the Equestrian Awards Lunch

Waiting for the electric bus

Sir: Electric cars (letter, 26 September) would solve localised pollution in our cities but not the other main problem caused by car traffic: congestion. It is well accepted that traffic increases to fill the space available.

Electric buses could bring a real improvement. In some towns and cities cars have already been excluded to the advantage of buses, and this clears road space to improve bus transport times. Unfortunately, it also gives buses a free run on the streets, with an ensuing adverse environmental impact – high speeds, intimidating size, thunderous noise and diesel fumes. What is needed is low-impact, low-speed electric buses within our towns to make them a pleasure to be in.

Call me lady

Sir: I wonder if anyone can enlighten me as to why adult females are called "ladies". Have I missed something, or is the term a touch too genteel for them?

Speaking as a female of middle years I would much rather be called "the lady in red" than "the woman in banana" ("The awful niceness of Daddy Paddy's army", 27 September), which seems somehow more rough and even disrespectful. Come to that I'm still quite grateful to be called a lady, just so long as I'm never called an "old girl".

MARIE PATTERSON
Nuneaton, Warwickshire

Labour hopefuls have own minds

Sir: We write having read your survey of Labour prospective parliamentary candidates (30 September).

We are called upon every day by newspapers and pressure groups to respond to surveys on a wide variety of questions. Of course we sometimes seek advice from Head Office on matters of policy but the answers we give and the opinions we express are our own.

It would be much more helpful if we were asked for our opinions rather than to give a simple yes/no answer to questions which newspapers believe will reveal divisions in the Labour Party.

The truth is the Labour Party is a united dynamic party ready to solve the problems this country faces, as this week's election will show. CANDY ATHERTON
LORNA FITZSIMMONS
MELANIE JOHNSON
TOM LEVITT
SHONA MCISAAC
MALCOLM SAVIDGE
PHIL WOOLAS
CHARLOTTE ATKINS
SALLY KEEBLE
GORDON MARSDEN
MARGARET MORAN
DEBRA SHIPLEY
JIM FITZPATRICK
BARBARA FOLLETT
RUTH KELLY
SIOBHAN MC DONAGH
CHRIS POND
PHYLLIS STARKEY
Blackpool

No hand-washing at Ofwat

Sir: Your business comment column ("Byatt cannot wash his hands of water trouble", 25 September) really ought to have been entitled "Ofwat nips transfer pricing practices in bud" rather than accusing us of washing our hands of the responsibility and of audacity in suggesting that the auditors should improve their scrutiny of the regulated accounts.

The 1992 Competition and Service Utility Act placed a requirement on the director to ensure that the companies operate at arm's length. Since then, I have amended the licences to forbid the companies to cross-subsidise their activities, ensured the companies had proper accounting guidelines to follow to meet this requirement, talked to the companies about their implementation plans, and finally insisted on a series of on-going checks on compliance with the guidelines. To suggest that transfer pricing has been going on without us noticing is therefore an extraordinary claim.

The audit of the regulated accounts against our guidelines is a requirement under the terms of their licence. Nevertheless, we still adopted a belt-and-braces approach by sending in our own teams to check compliance. I would have thought this was just the sort of policing that shows the regulator is doing his job rather than washing his hands of the issue.

Chris Godsmark ("Watchdog")

uncovered water profits misuse", 25 September), suggests that the companies have been using their profits to subsidise "hundreds and millions of pounds of activities". This is nonsense. The amount of cross-subsidisation quantified amounted to one tenth of 1 per cent of the regulated turnover. Customers will certainly not subsidise these activities.

ICR BYATT
Director General, Ofwat, Birmingham

Sir: Your report and comment on transfer pricing in the water industry lack all perspective. Far from prejudicing water customers' interests, the creation of non-regulated subsidiaries which are able to sell their services in the free market has preserved and created jobs while providing services to the regulated companies more cheaply than they could have done themselves.

This hardly amounts to damning evidence of malpractice, and the water companies rebut categorically accusations that they have "syphoned money" from their regulated businesses for the benefit of their non-regulated subsidiaries. Much is made of the companies' limited resort to competitive tendering when a subsidiary bids for business from its regulated associate. Yet competitive tendering is only one of four methods of market testing recommended in Ofwat's current guidelines, with no view expressed as to which the regulator prefers. All the water companies have

routinely followed one or other of these practices. JANET LANGDON
Director, Water Services Association
London SW1

Proud Irish at ease in England

Sir: Jack O'Sullivan ("The dangerous romanticism of Irishness", 26 September) must realise that life moves on. There are very many Irish men and women throughout Britain, confident in their Irish identity, while integrating fully into the communities in which they live and work.

Born in London in the Fifties to Irish professional parents, we returned to Dublin when I was 10, as my parents had great confidence in the Irish education system. In 1983, I returned to England with my husband, a doctor. We took the decision, early on, to make a permanent home here, as we decided we'd never settle properly while still entertaining wistful hopes of returning "home" one day.

Our three children are growing up here, knowing who they are and where they fit in. As a family we delight in our shared Irish heritage, its poetry, music and literature and the children are proud of this and enjoy many trips to Dublin. Equally, they are at ease with the society they are growing up in, learning English history and literature. They do not feel different from their peers.

The Irish are good Europeans, and embrace all cultures with pleasure, while taking pride in our own. GERALDINE BURKE
Marsh Baldon, Oxfordshire

It was Eden who ruled out Europe

Sir: Winston Churchill, President of Honour of the European Movement, was certainly regarded by one of its founders – my father, E K Cole – as fully committed to a United States of Europe ("A Euro-sceptic? Churchill? Never", 27 September).

As a lifelong Conservative – he always paid 50 per cent of their election expenses in Southend East – Eric Cole regarded Churchill's words on the Schuman Plan quoted by Ted Heath as a commitment at the 1951 election to join, and was astonished when Anthony Eden in Rome immediately ruled it out.

The very same day, Harold Macmillan was telling the Council of Europe in Strasbourg that we would be taking a full part. Equally astonished, he rushed back to Churchill, who said he could not interfere with the way Eden ran foreign affairs. Churchill was stuck with a Eurosceptic foreign minister just as Major is stuck with a Europhile chancellor.

Eden's memoirs, *Full Circle*, do not even mention his reasons for his momentous and catastrophic decision not to join the Common Market.

My father lived to see the sad failure of Macmillan's application to join. But he was not without hope; virtually his last political comment to me was: "I like the look of that young man Heath!"

DEREK J COLE
St Leonards-on-Sea, East Sussex

Sir: In the rarefied and misinformed debate over the European single currency, and whether or not Britain should join, let us not end up with the euro by the back door.

If the euro is launched on time, with France and Germany in the first cohort of countries involved, it seems likely that the euro will become increasingly important as a global currency.

With a strong euro across the water, how many people in Britain would open accounts in euro at their local bank in order to save themselves money when going abroad on holiday or business, as well as to safeguard themselves against the likely devaluation of the pound? I would.

ROBIN PRIOR
London E8

Pestering by charities

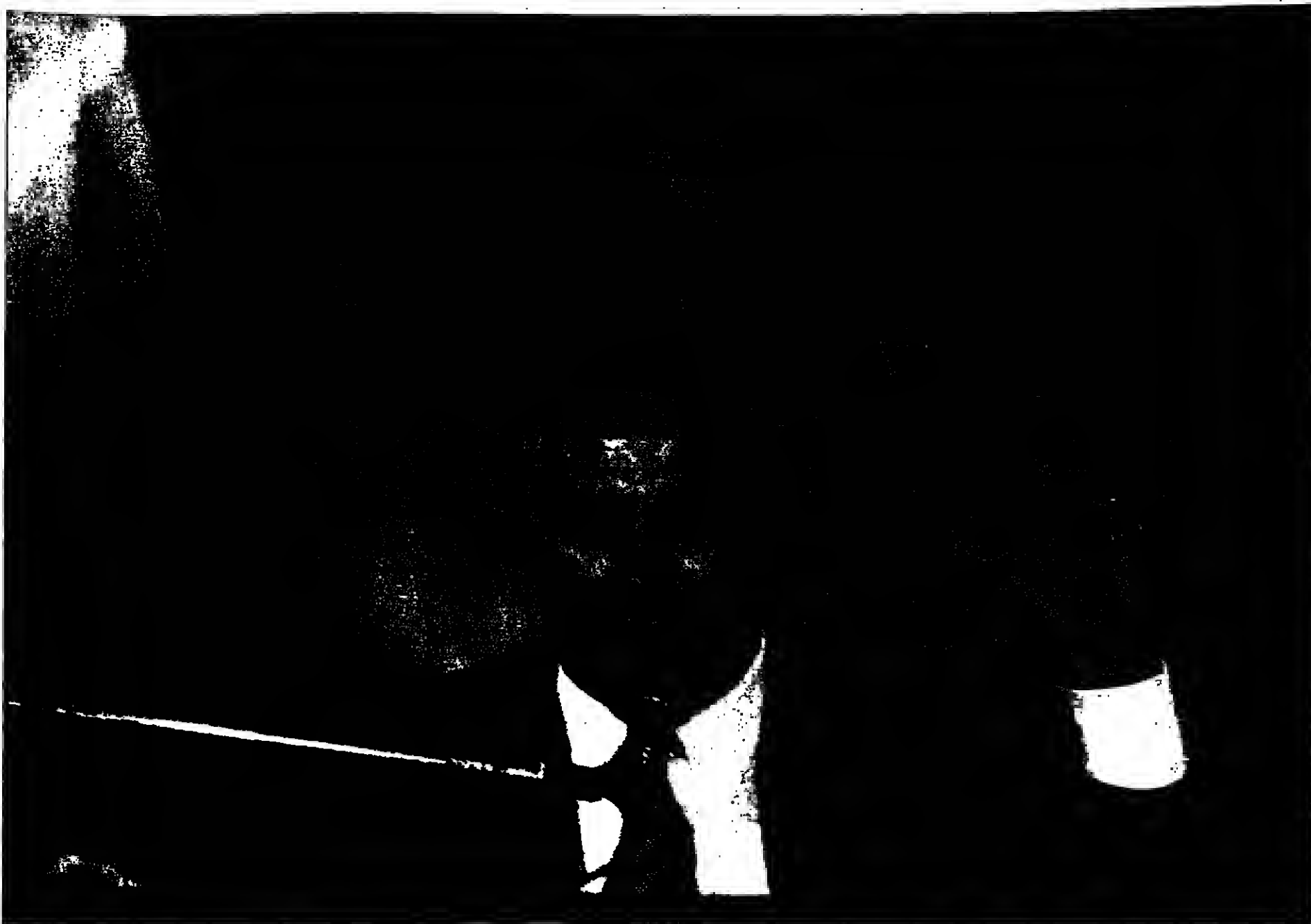
Sir: Andrew Gentles (Letters, 27 September) is certainly not alone. My recent contributions to charity have elicited many requests (both by letter and telephone) for further donations, as well as books of raffle tickets, leaflets for lobbying local retailers, requests to distribute Christmas catalogues and make door-to-door collections and, most irritatingly of all, a multiple-choice questionnaire, purportedly for donor research purposes, in which each question was along the lines of "Will you send us a further donation or would you rather allow children/animals/the homeless to be starved/tortured/exploited?"

I cannot help feeling that the cost of this futile pestering has probably used up a significant proportion of my initial modest contributions. Those charities that simply send me an information sheet explaining how my money will be spent are the most likely to benefit from my continued support.

ANDY TYE
Horsham, West Sussex

analysis

Other Israeli leaders had shied away from opening the tunnel in Jerusalem for fear of igniting a powder keg. Benjamin Netanyahu did it, without even warning his own ministers. What sort of man is he? Patrick Cockburn reports



authority on himself. Gen Ariel Sharon, one of the architects of his victory, suddenly found that he was going to be left out of the Cabinet. Only a covert alliance with David Levy, the foreign minister, saved him. The story, suspected of Labour sympathies, was no longer consulted. New advisers, none of them well known in Israel, were visibly in control. Not even right-wing settlers on the West Bank, who had voted en masse for Netanyahu, were sure if he really supported them.

It is not as if Netanyahu had not explained his views at length in several books. They showed him to be deeply sensitive towards the public relations aspects of any political event, but otherwise to seek explanations in conspiracies. The way to deal with Arabs was not to raise their expectations – a mistake of the Labour government – and so ensure that they would come in heel.

After the election, the Oslo peace accords, frozen since the suicide bombings earlier in the year, remained on hold. But there were also a series of humiliations for the Palestinians: a meeting with Yasser Arafat was long delayed, and when it did take place produced nothing. A home for disabled children in the Old City of Jerusalem was suddenly demolished because it did not have a licence.

Palestinian anger was building up. But Netanyahu seems to revel in these overt displays of Israeli power. There was no recognition that Oslo acknowledged a certain balance of power between Israel and the Palestinians – though much in favour of the former. The Intifada (uprising) on the West Bank and in Gaza after 1987 had shown that the Israeli occupation could not go on as before. Netanyahu's attitude appeared to be that Palestinian demands for human, civil and national rights had no mass support and that their denial would have no consequences.

Netanyahu and his government still portray the crisis about the tunnel as a put-up job by Arafat. The Palestinian leader responded that if they were so sure he was exploiting the tunnel issue, why had they provided him with such an opportunity?

In fact, any perceived threat to the Muslim religious sanctuaries had always led to a furious Palestinian reaction. In 1990, 17 Palestinians were killed when they rushed in defence of Aqsa when a Jewish fundamentalist group put up posters saying that they were going to take it over.

Prof Ezrahi says he fears that Netanyahu may not be an ideologue or a pragmatist, but a man uncertain of his own ends. He is against Oslo, but has offered an alternative. "For three months he let uncertainty mount," writes Nahum Barnea. "The punishment for the waiting was heavy: 70 victims with 14 Israelis among them. A serious blow has hit Israel's economic future. There is a breach in relations with the Arab world. There is the fear of terror. No tunnel could possibly be worth this kind of punishment."

Netanyahu's will to power was impressive. Once in office, he tried to construct a presidential system focusing all

A very strange bird indeed

For Benjamin Netanyahu, it is his first crisis as prime minister of Israel. For many Israelis and Palestinians, the crisis, perhaps the first in many, is about Netanyahu as prime minister.

There is no doubt that he ignited it. By opening an exit to a tunnel from the main Jewish Jewish site in Jerusalem – the Western Wall – in the middle of the Muslim quarter, he was bound to provoke a strong Palestinian reaction.

Twice before, Israeli governments had delayed opening the tunnel because they thought it would provoke violence. But late one night last week, a team of Israeli workers, instructed by Netanyahu and protected by armed guards, opened up a grey steel gate on the side of a stone ramp leading to a Palestinian boys' school in the Via Dolorosa.

For 150 years, governments – Ottoman, British and Israeli – had avoided changing the religious status quo in Jerusalem.

but Netanyahu did so without even informing his own chief of staff. "It was the act of a macho teenager," says Yaron Ezrahi, a leading Israeli political scientist.

A hundred days after he took office, Israelis are still mystified by Benjamin Netanyahu's political personality. It is a curious mixture of ideological fanaticism combined with an obsession about presentation.

"It all comes down to public relations, and that alone is important to Netanyahu," writes Nahum Barnea, an Israeli commentator. This trait is combined, he continues, with a determination to concentrate power on himself. "In the tunnel affair," says Barnea, "this has left a gaping wound in his relations with his defence minister. Officials from the army and the GSS, who played a stabilising, restraining role with the previous government, have been forced to retreat."

Replacing them are a small group of advisers, wholly dependent on Netanyahu and

all without experience of government. Hours before the tunnel was opened, Dore Gold, the prime minister's America-born adviser on foreign affairs, was seeing King Hussein in Jordan, though he did not inform him – and may not have been told – about what was about to happen in Jerusalem. The real foreign minister, David Levy, is a sworn enemy of Netanyahu, to whom he refused to speak for the three years up to just before the last election.

The ideological purist in the inner circle around Mr Netanyahu is David Bar-Ilan, a 66-year-old former concert pianist of extreme right-wing views, who was born in Haifa but spent much of his life in America. As editor of the *Jerusalem Post*, he wrote a weekly column in which he discovered anti-Israeli and anti-Semitic sentiments in such unlikely places as the columns of *The New York Times*. As the violence ebbed last weekend, he single-handedly increased tension by

suggesting that Israel's withdrawal from Hebron be reconsidered. He added that it might be time to think about disarming the 30,000 Palestinian police – something which would inevitably mean a war.

Gold and Bar-Ilan have much in common with Netanyahu himself. Like him they spent much of their lives in the US, and their ideological background is as much American neo-conservatism in the Eighties as it is traditional Zionism.

Their views are unlikely to be moderated by a third important member of the prime minister's inner group. Avigdor Lieberman, director-general of the prime minister's office. An immigrant from Moldova, he helped to run the campaign that made Netanyahu leader of the Likud party in 1993, and as a reward was made party manager. As he purged all whose loyalty to the new leader he suspected, he made many enemies. The fortnightly *Jerusalem Report* says: "The kinder souls nicknamed him KGB, the more acerbic called him Rasputin."

From the events of the past week, it would be easy to construct a conspiracy theory in which Netanyahu and his advisers decide to provoke a violent incident to be used as an excuse to end peace talks with the Palestinians. There is doubt about their attitude to the peace process so far. "The Oslo accords were mistaken," said David Bar-Ilan on taking office. "They were bad. The fact is that we inherited them and we have to get out of the blemish bush."

The affair of the tunnel could

have been an attempt to get out of the blemish bush. Netanyahu could have frozen the Oslo accords, claiming that the fighting proved that Yitzhak Rabin and Shimon Peres, the former prime ministers, had given Palestinians too much independence. There is no doubt that many Israelis would have believed him.

In fact, Netanyahu has done nothing of the sort. He said he looked forward to the peace talks with the Palestinians being resumed. But he also said that he would not discuss the tunnel at the Washington summit. His officials denied that he would make any concessions in Yasser Arafat, the leader of the PLO, on withdrawal from Hebron, release of prisoners, or progressive withdrawal of Israeli troops from the West Bank. These were all agreed under the Oslo agreement last year.

In a sense, Netanyahu wants to have his cake and eat it: to make no concessions to Palestinians, but expect them and the Arab states to offer peace and security; to oppose Oslo, but offer an alternative to it. Increasingly, Israeli commentators look for psychological rather than strictly political reasons for the prime minister's behaviour. Prof Ezrahi says that when Netanyahu was elected, he used to think that he might turn out to be a pragmatist or ideologue. Now he thinks that "his actions are emotional rather than calculated. He is controlled by events

rather than controlling them. He could overreact at any time. Here is a leadership failure of colossal dimensions."

Nahum Barnea, comparing Arafat and Netanyahu, likens the Palestinian leader to a sly fox and the Israeli prime minister to "a peacock willing to blind himself by keeping his eyes on his own feathers". Across the Israeli political spectrum there is growing agreement that Benjamin Netanyahu is a very strange bird indeed.

Peculiar though Netanyahu's political personality may be, it is rooted in a personal history which is very distinct. His grandfather, a religious Zionist and distinguished Talmudic scholar, emigrated from Warsaw to Palestine in 1920. His father, Ben-Zion, once secretary of Vladimir Jabotinsky, the father figure of the Israeli right, became a distinguished historian of the Spanish Inquisition. Feeling discriminated against by Labour governments in Israel, he moved to the US. Benjamin, his second son, was born in 1949, and moved with his father to America at the age of 14. His brother Jonathan was killed commanding the Israeli raid on Entebbe in 1976, and Benjamin himself had a distinguished, but not spectacular, military career.

The basis of his political success was to exploit his Israeli background in the US and his American links in Israel. His rise was spectacular. In 1979, he was a manager of the "Rim" furniture factory, where he was known as his skill for promotions. He had also founded, in

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Party Conference. Is that a new game show?



Miles Kington

Could you please explain the party conference season to me? Yes. It is the continuation of the silly season by other means.

What is silly about the party conference season? What isn't? No, seriously, aren't the party conferences important?

No. Then what is the point of the conference season? Well, if nothing else, it is proof positive that the different political parties can get together and organise

something properly.

What can they organise? They can organise the sequence of the party conferences in ascending order of current importance, so that the tiddlers like the Greens and Plaid Cymru go first, the middling minnows like the Lib Dems and SNP go next, then the big boys come last.

Is that all they can organise? Yes. Nothing else.

Why do people take the party conferences so seriously? Nobody does. Except the people who take part in them and the people who report them. It is all part of one big game called party politics, which is played by the politicians and the media people, and nobody else. You must never fall into the trap of taking the side of Anna Ford against Kenneth Clarke or vice versa, because Anna Ford and Kenneth Clarke are players in the same game, both pretending that party politics are really, really, really important.

But they are not? Lord bless you, no. Party politics bears the same relation to real politics as

Neighbours does to the theatre.

You mean, party politics is just another soap opera? I'm afraid so. The only difference between party politics and other soap operas is that whereas other soap operas are rehearsed and scripted in advance, party politics tends to be improvised and off the cuff. That is why it is so dreary. But it is also why people find it fascinating – because of the chance of a mistake or an unexpected gaffe.

Isn't it a great strain for politicians to improvise all the time? Yes. And in fact they don't. Most of what they say and do is tightly scripted. But they pretend it isn't.

Why are party conferences important? They are not. They are simply morale-boosting occasions for the party concerned.

Then why are they broadcast? Because, as I was trying to explain, broadcasters and journalists and spin doctors and party politicians are all in the pretence together. It

makes the media feel important to be given access to the conference hall. It makes journalists feel important to be taken on one side by a Cabinet minister or invited to some influential party. The rest of us couldn't give a toss.

Party conferences are like the Edinburgh Festival. If you are actually there, it seems the most exciting place in the world to be. To the rest of the world it means nothing, and they can't see why anyone covers it.

Hmm. Then who watches party conferences being broadcast? Broadcasters. Party politicians.

Nobody else? Yes. The usual people who switch on daytime TV because they are bored.

What do they make of party conferences? They assume it is some kind of game show they have never come across before, and they sit there for hours trying to work out the rules.

What would seem to be the rules of a party conference to someone who thought it was a game show?

He would think that the idea of the game was a) to shout as loud as possible even though you've got a microphone and have no need to raise your voice; b) get the rest of the people sitting in the hall to cheer all at the same time.

That sounds a very boring game.

It is. Every year the BBC gets floods of letters about this new game show called Party Conference, complaining that it is neither funny nor exciting.

Then how would you recommend that I get through the party conference season without having it drawn to my attention?

The only way you can begin to guarantee it is by setting off on a yacht race round the world going the wrong way against the prevailing winds.

Good heavens. Were all those people setting off in the BT race down the Channel in heavy seas just trying to get away from the party conference broadcasts?

I can't think of any other sensible reason.

Thank you very much.

Labour's ruin or redemption lies with Gordon Brown

What's happened to Gordon Brown? The opening of his speech yesterday fizzed with jokes. He has lost over a stone in weight, after punishing himself, typically single-mindedly, with a daily five-mile run on the treadmill of a Westminster gym. Close friends say he is suddenly more at ease with himself. Is it that he's having more fun? He is. Is it that he has got a lot of his own way in the past year? He has. Or is it that he is now subconsciously realising how utterly pivotal he will be to the man to whom he has traumatically yielded up the leadership in 1994? He will be.

There was a lot Brown didn't say yesterday. He said nothing about the top rate of tax and whether a new one will be imposed on those earning more than £100,000. He referred to monetary union only to bait the Tories. But, by foreshadowing integration of the tax and benefits system, Brown plans to conclude the quest that Nigel Lawson reluctantly abandoned. We now know for certain that he intends to be a radically tax-reforming chancellor.

The commonplace view about Labour is that it is too timid to declare its hand about what sort of government it would be. Brown had done quite a lot even before yesterday to tell us what sort of chancellor he would be. In the process some blood was spilt, some bones broken. Brown can be charming and funny in private. He reads widely; he has a deep cultural hinterland. But he can be brutal when crossed. To still opposition to his relentless advance across the electoral battlefield, he has sometimes cajoled, as often bullied, his colleagues into line.

The ending of child benefit for parents of the 16s to 18s is a case in point. For David Blunkett, now a rising star of modernisation, this was an opportunity – not least because it put him in charge of an educational allowance to help poorer children to stay at school. Blunkett became an ally. Chris Smith, then Shadow Social Security Secretary, objected, unwilling to accept that benefits for low income groups should be financed by removing them off the better off. Smith was summarily switched and replaced by Harriet Harman. The proposal was Brown's own. Blair backed it, but only after carefully weighing up the real electoral risks. The big advantage was that it helped to prove, first, that Brown was serious about containing spending. It was bold proof that ministers would have to save before they could spend. And, secondly, there was more than rhetoric to Blair's stated goal of reforming the welfare state. There had been a lot of warm words about tough choices, but this was the real thing. A dam was breached. Suddenly, it no longer looks so inconceivable that a Labour government might tax child benefit for higher-rate payers.

Brown's constant desire to give himself space as chancellor is apparent in the pre-conference deal he brokered on pensions – a deal that leaves intact Labour's freedom to channel increases in pensions to the poorest rather than those who don't need them.

But it is evident, too, in his position on monetary union, that Brown is not as doctrinally committed to EMU as Kenneth Clarke. He has a deep sense of the potential of staying out. That's why, ideally, he would like a manifesto wording on EMU sufficiently in favour to allow a Labour government, if necessary, to claim that



Donald Macintyre

The fact is that without Brown the party's centre of gravity would start to slip, perhaps irrevocably, away from the modernisers. Blair would be exposed

electoral victory gave it a mandate and that a referendum is unnecessary. He recognises that all the experience of previous Labour governments is to postpone difficult decisions until it's too late – the IMF crisis of exactly 20 years ago being the outstanding example.

A temporarily unpopular Labour government might not win a referendum, especially one fought out against an anti-EMU Tory party. Brown's toughness, therefore, isn't in doubt. He is a driven politician, more so in some ways than his leader.

You can quite easily imagine Blair leaving politics in the event, scarcely thinkable in the optimistic atmosphere of Blackpool, of Labour suffering its fifth defeat. It's almost impossible to imagine Brown doing so. And if you doubt his importance, simply consider for a moment a Shadow Cabinet without him. Robin Cook may dispute what he was reported as saying about the need not to sacrifice the poor to the desire for votes in middle England. But he thinks it – and more. Neo-Keynesian to the last, he is the leading spokesman of the left. Blair needs him, too, not only because of his abilities but because of the constituency he delivers in the run-up to the election. It is fortunate that Cook and Brown, the two cleverest men in the Shadow Cabinet, get on better with Tony Blair than they do with each other. It's fortunate, too, that for all the weekend tremors Cook is as single-minded about victory as his colleagues. But the fact is that without Brown the party's centre of gravity would start to slip, perhaps irrevocably, away from the modernisers. Blair would be exposed in a way it would be impossible to imagine him being when he stands up to speak this afternoon.

Brown also knows how to translate the tough messages of modernisation into a language that the party can understand, has spoken for decades. It's apparent in the case of child benefit and pensions, where Brown has started to challenge, in terms distinctively of the left, the assumption that it is possible to have at the same time both universal benefit and redistribution. Brown has started to show that ending some universal benefits can be a means of redistribution. Whatever its other virtues, it doesn't underpin social justice to – as he put it yesterday – "justify the wife of a millionaire receiving child benefit for a teenager over 16 when the mother of an unemployed teenager does not".

But it's apparent, too, in his familiar warning yesterday that rising inflation hits the poor hardest, or in the invocation of Aneurin Bevan to preach the tough language of priorities. Those in the conference hall yesterday who worry most about where Blair is taking them do not love Brown. But even they recognise the depth of his anger about unemployment. And they are beginning to recognise his central message yesterday that drastic tax cuts for the working poor can offer more hope than increases in demeaning benefits. They also know that he belongs to the tribe in a way that they are not quite sure that Blair does. It's fair to assume that after the leadership trauma of 1994, it can never quite be the Blair-Brown friendship. But it is indispensable for what Blair wants to do in power. Still the closest, it is now also the most important relationship in British politics.

There's just enough muck in Ambridge

by Emma Daly and Richard Smith

The bucolic bliss of a country childhood – it's an image that everyone shares, even those who grew up as townies. But sex and death are the facts of life and the sins of the 20th century exist even in villages, even in the fictional hamlet of Ambridge.

It was ever thus, but you would never know it from the lamentations of those protesting that *The Archers*, 46 years old, has shed its cosy, traditional chintz and is rampaging naked through the garden of political correctness.

The future was sparked by William Smethurst, a former producer and author of a vitriolic book attacking the programme's present editor, Vanessa Whitburn, and describing the show as "a ferment of greed, sexual passion and family discord, racial hatred and rampant, radical feminism".

This comes as something of a shock to the average listener, trying feverishly to remember an episode that could provoke such a lurid reaction – Lizzie's spat with Nigel Partridge's mum? Neil Carter's almost-affair with the wicked Mo? Phil Archer taking up cooking? Radical? Perhaps Mr Smethurst means that many women work in Ambridge, some outside the house.

The flames of the "Archers row" were fanned this weekend by claims that Tony Parkin, the agricultural story editor, is resigning because he, too, is fed up with the changes wrought in Ambridge. He declined to comment, but a BBC spokesman pointed out that Mr Parkin, who gave the show almost a year's notice, will be 70 when he bows out in November.

Yet, despite the complaints of Mr Smethurst, the reality in many rural areas makes the Ambridge of today's airwaves look rather like the village in aspic he aspires to. Broomsgrove, the town nearest to Ambridge in the series, offers mouth-watering fare for the *Archers* scriptwriters.

A short visit yesterday suggested just a few of the local conflicts. The local Tory MP, Roy Thompson, has decided to abandon the battle for Broomsgrove at the next election, after a business venture ran into financial problems. Council plans to build an arts, leisure and shopping complex on the town's recreation ground are also certain to spark local protests.

Brian Carter – no relation to the fictional Susan and Neil – has been burgled twice in the past year. "Broomsgrove used to be like a village, but now it's grown into a big town," Mr Carter, a taxi driver, said. "A lot of kids are taking crack, ecstasy and cannabis – even the 14-year-olds."

Actually the drug abuse portrayed in *The Archers* is rather low key in comparison – the rebellious Kate Aldridge using marijuana and ecstasy, her boyfriend Roy disapproving of



I've been listening to *The Archers* for 40 years and I think the scriptwriters are being realistic

it. A survey of school-children in East Sussex found that 20 per cent of 14- and 15-year-olds had tried an illegal drug.

West Mercia Police recently set up roadblocks in an operation to stop hundreds of party-goers from bawling a rave in a village near Broomsgrove, while the latest edition of the *Broomsgrove Messenger* tells of a 15-year-old trapped inside a Metro after he crashed while being chased by a police car.

"The whole atmosphere has completely changed. I've been listening to *The Archers* for 40 years and I think the scriptwriters are being realistic," Mr Carter said. "There is violence at weekends when people come out of the pubs. All of which is far worse than the type of trouble that happens in Ambridge, where punters tend

to slip in to The Bull for a single pint, rather than lounging around until closing time."

Much has been made by *Archers* critics of the fact that the landlord of the rival Cat and Fiddle has been outed as a homosexual. Given the often-quoted statistic that one in 10 men is gay, this does not seem excessive; not all gay men live in London or Manchester.

And the town of Droithwick, near Broomsgrove, boasts a vicar almost too exciting for *The Archers*. Apparently the Rev Ron Waters, angered by the building of 200 houses on green-belt land, stormed out of a council meeting shouting "Hitler is back. Sieg Heil!" (can't see Ambridge's (female) vicar going that far).

Mr Smethurst also criticised a story-line in which the Asian

Hayley Jordan – "I've got to get my pork set up"; "Oh John not in public" – upset Mary Whitehouse ("It's a sad day when smut comes to Ambridge," she said at the time). How on earth did she cope in the 1960s, with, for example, the birth of Jennifer Aldridge's illegitimate child Adam? Or, for that matter, with Jennifer's four children by three men?

Rural life, the critics say, is just not as interesting as Radio 4's version. Tony Finn, a businessman in Broomsgrove, thinks "the scriptwriters have got it wrong if they are trying to project startling events they hope will appeal to townies and big-city folk". He said the team "should come down to the local pub and listen to the gossip", adding that "I suspect they would find it all rather boring."

And so would the listeners. *The Archers* is not supposed to be a fly-on-the-wall documentary, it's entertainment, fiction, drama. Actually, though, the story-lines in *The Archers* are mostly concerned with all our daily cares – work, the family, love affairs, requests or not – the writers have always pulled dramatic stories out when necessary.

It is no longer intended to educate farmers about warblefly, but in the recent past has addressed the BSE scare, the possibility that badgers can infect cattle with TB and how to deal with a bat infestation.

But as it began in didactic mode, so it needed a story to sugar the pill. "People have this sort of fond memory of *The Archers* as being all cosy teas around the table at Brookfield, and what they forget is it was written for many years by the two writers who wrote *Dick Barton Secret Agent*," said Keri Davies, senior producer at *The Archers*. "They told people yarning, and that is how they dragged them in as listeners."

In earlier years, listeners grappled with the death of Doris Archer in a barn fire, the revelation that a retired officer was in fact a British spy, and Tom Forrest's acquittal on manslaughter charges – he shot Bob Larkin dead in a fight shortly after the latter had made eyes at Tom's girlfriend Prou.

Despite the false memory syndrome so beloved of the British and summed up by John Major as warm beer and old Auntie cycling, the countryside and those who live in it are just as red in tooth and claw as townies. And so are *The Archers*. But don't worry too much, Mr Smethurst – it's all made up.

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From our own 500 correspondents

Does John Birt's BBC really need so many political staff? The licence-fee payer should be told, says David Walker



Broadcasting House, Bush House and Television Centre. They are there to serve the public, enriching our democracy by reporting the doings of parties and Parliament. Instead, there is a good case that the massive scale of BBC coverage merely diminishes the public interest in politics.

Under BBC Westminster's empire-builder-in-chief, Samir Shah, 110 full-time journalists cover Parliament, overseen by 40 managers and assistants, with all the studio managers, engineers and technical staff to be counted on top. If Robin Oakley, the BBC's political editor, were to fall under one of the racehorses he writes about each week for *The Spectator*, at least 11 further BBC lobby correspondents could step in.

Tony Blair's press secretary, Alastair Campbell, stopped there in his recent complaint about how oppressive this weight of numbers can feel day to day. His sums need adding to. The several scores of people actually producing live official coverage of the Commons and Lords are separate and extra. There is the World Service – two dedicated British domestic political reporters, plus producers and reporters from various of the foreign language services who seem to think their audiences need on-the-spot coverage from party conferences.

But a full accounting of the BBC's political commitment needs to take in

many of the rest of BBC News and Current Affairs' 1,100 journalists (plus at least 150 freelancers and part-timers, plus at least 750 studio managers and technical staff doing news-related work, plus 600 managers and assistants). How many of them are also political?

Radio 4's *Today*, *The World at One* and the other "sequence" programmes on radio each have several staff working almost full-time telephoning ministers and their shadows and, when they will not bite, also-ran MPs. Then there are the (dozen) political specialists employed by the BBC's English regions, plus another political apparatus for both Wales and Scot-

land. Producers and reporters from local radio stations regularly arrive at Millbank to claim "their" slice of the parliamentary pie.

On top of this small army, there is the BBC Chief Political Adviser. Then there are the weekly programmes dipping in and out of politics to different degrees, such as *Panorama*, whose edition last night on spin doctoring inspired Mr Campbell to uncork his potted political programmes.

Officially, "political programmes" amount to only 505 hours of radio and television output a year. But in fact, politics makes up a huge fraction of weekly programmes, including *Question Time*, *On the Record*, and news bulletins. "Politics is cheap," said one executive, not sardonically. But still the question hangs there: why so many?

The official answer – they are needed to supply the 11,000 hours of radio and television news and current affairs output – won't do. It is necessary instead to understand the BBC's unique system of internal competition. Radio Five Live wants a different sound from the piece that you hear on the news summary on Radio 2. The PM programme on Radio 4 at five in the afternoon wants a different and fresher "angle" than *The World at One*, and so on, through to the *Nine O'Clock News* and *Newsnight*. This merry-go-round creates a "feeding frenzy" and a desperate desire for novelty. No one stops

to ask just how much Westminster coverage the nation needs.

The BBC's real problem is a fixation on party politics to the exclusion of matters of power and policy. Mr Shah has been encouraged to expand and 500 people attend party conferences because those in control of its output demand yet more Westminster politics. And that reflects the iron in the BBC's soul: because it is, albeit at one remove, an organ of state, it is political from top to toe.

Let me here declare a personal interest, somewhat more serious than the fact that I, like Alastair Campbell, was recently treated to a BBC promenade concert and dinner afterwards. For two unhappy years I was the BBC's Urban Affairs Correspondent, the principal part of which brief was covering a different kind of politics, to do with local authorities, quangos, the politics of policy and spending. Did the editors of *Today* or the *Nine O'Clock News* want such stuff? Only to a very limited extent. Despite all the evidence that formal politics puts people off, the BBC churrs it out.

Under John Birt, BBC News and Current Affairs has grown massively – by 9 per cent over the year to 1995-96. At the same time, public discontent with formal politics has grown apace. Tony Hall, chief executive of BBC News, admits that younger viewers and listeners are switching off in droves. The more people see and hear of their elected representatives, the less they seem to like. Could there possibly be some relationship between the two?

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UK banks falter over Eurotunnel debt deal



Sir Alastair Morton: Said that architecture of deal 'in place'

MICHAEL HARRISON

Eurotunnel shares were suspended yesterday as speculation mounted that the Channel tunnel operator will announce a deal on the rescheduling of its £58bn debt mountain in the next week.

Talks in London over the weekend between the company and representatives of its £23-strong banking syndicate almost produced an agreement. But an announcement was prevented by the reluctance of leading British banks to accept some of the detailed terms of the restructuring which will see a

large chunk of the bank debt swapped for equity.

"We came within a whisker of an agreement within the last few days," said one source close to the talks. "There is still a gap but it is bridgable. All the parties involved want a deal. It just requires one more heave."

The price at which the shares were suspended, 113.5p, is just 2p short of their high for the year.

Eurotunnel said it had requested the suspension pending an announcement from the President of the French commercial court who appointed two mandataires ad hoc to me-

diate between the company and its bankers earlier this year.

The mandate of the two mediators, the former Cabinet minister Lord Wakeham and Robert Badinter, expired at midnight and has not been renewed. An announcement from the court is expected in the next two days.

The court has the authority to begin proceedings to place Eurotunnel in protective administration, if there is no agreement. But observers believe it is more likely to give the two sides a short period - perhaps 10 to 14 days - to reach a final agreement.

The weekend talks, held on what was described as "neutral

territory" in London, involved Eurotunnel and the bank steering group. This comprises its four agent banks - NatWest, Midland, Credit Lyonnais and Banque Paribas - and the European Investment Bank and the European Coal and Steel Community.

On Friday, the Eurotunnel board will meet with its key 25-strong committee of instructing banks who represent the views of the rest of the banking syndicate.

Sources suggested last night that this could pave the way for an announcement at the beginning of next week.

"The chances of a deal being done finally are better than even," one said. Three weeks ago Sir Alastair Morton, who retired as co-chairman of Eurotunnel at the end of October, said the "architecture" of an agreement was in place. He added that there were about eight hours of negotiations left which is why he had given himself another eight weeks to complete them.

Since then talks are understood to have progressed quicker than expected. One observer said the two sides were "five eighths of the way down the track."

The two French agent banks are said to have been keen to reach an agreement before the mandate of the two mediators expired. But the British representatives are understood to have balked at the terms.

Under the rescheduling deal, the banks will swap part of their debt for a 49 per cent stake in Eurotunnel and exchange a further portion for convertible bonds. What remains to be agreed is the precise amount of debt that will be exchanged and the price at which the bonds convert to shares.

Conversion of the bonds would give the banks control of

the company but Eurotunnel is holding out for an option to redeem the bonds should it meet certain revenue targets, allowing it to prevent further dilution of its existing shareholders.

The Anglo-French consortium suspended interest payments on most of its £58bn of debt a year ago. Since then it has racked up another £370m of interest which has not yet been paid. The debt stands at £95bn at the end of next year but all sides appear to accept that unless agreement on rescheduling can be reached by the end of this month, then the courts will have to step in.

World-wide shake-up of Rothschild dynasty

PETER RODGERS
Financial Editor

The Rothschilds are poised to announce a big reorganisation that will mark a step on the road towards integrating the banking dynasty's world-wide businesses.

The expected changes are part of a long awaited management shake-up to deal with increasing competitive pressures in the investment banking industry. A new group investment banking committee, chaired by Baron David de Rothschild, is to coordinate the family's corporate finance businesses in London, Paris, the rest of continental Europe, Hong Kong, Singapore, Australia, North America and Latin America.

Baron de Rothschild, 53, was the talented French banker who resurrected the banking fortunes of the Rothschilds in Paris after the family's French bank was nationalised by in 1981.

He became deputy chairman of NM Rothschild, the London merchant bank, in 1992. His new role makes him the hot favourite to succeed Sir Evelyn de Rothschild as chairman of NM Rothschild, the London merchant bank. Sir Evelyn is the senior banker in the Rothschild family.

As part of the wide ranging changes planned at Rothschild, Baron de Rothschild is to become chairman of a newly established company in London, NM Rothschild Corporate Finance, which will liaise with the rest of the empire through the new worldwide investment banking committee.

Separately from the moves on the investment banking front, there are also plans to give a clearer identity to all the banking businesses in the Rothschild empire owned by the family's Swiss holding company, Rothschild Continuation Holdings.

The balance sheets of the individual businesses are eventually to be published on a group wide basis, which is likely to reinforce the trend towards running the family businesses as a coordinated entity. However, this is a delicate and difficult operation, and does not include Rothschild & Co, the French business, which does not belong to the Swiss holding company.

Russell Edey, the present head of corporate finance in London, is to become deputy chairman of NM Rothschild Corporate Finance, the new London business set up under Baron de Rothschild's chairmanship.

Mr Edey described the new

group investment banking committee as "coordination rather than integration," and made clear that it resulted from the rapid changes under way in the investment banking industry over the last couple of years.

He added "Unless you take maximum advantage of the strengths and opportunities that are open to you, in my view you become one of the also-rans, and we have no intention of being one of the also-rans."

Mr Edey's job as head of corporate finance will be taken by two joint chief executives, Tony Air and Keith Palmer, aided by three other senior members of the management team, Richard Davey, Philip Swann and Charles Alexander, all of whom will be managing directors.

The changes in London are expected to include a decision by Bernie Myers, the most influential of the bank's four managing directors, to move into a back seat role.

As part of the changes, Rothschild is thought to be about to hire at least one new corporate finance executive to join its team.

The London shake-up follows the departure of a series of senior executives in corporate fi-

nance and metal trading from NM Rothschild earlier this year. John Bishop, the bullion specialist, went to UBS as did Michael Phair, a privatisation specialist, and Anthony Fry, a corporate finance high flyer went to BZW.

This led to reports of widespread disaffection with Sir Evelyn's rule at the bank, which from being one of the top flight firms in London has been overshadowed by the rapid growth of huge integrated investment banks with enormous capital resources. With Schroders, Hambros and Lazards, it is one of a handful of independents left in London.

The bank was also hit by the suicide of Amschel Rothschild, head of the fund management side, who hanged himself in a Paris hotel room. Although said to have been an heir apparent to Sir Evelyn, it is thought highly unlikely that he would ever have succeeded to the head of the dynasty.

Baron de Rothschild, although running a bank that is outside the mainstream of the family businesses because he and his father set it up themselves in the early 1980s, was a more likely contender to take over once he took the deputy chairmanship in London four years ago.



Changing faces (clockwise from top left): David Rothschild, new corporate finance chairman; Sir Evelyn de Rothschild, chairman of the bank; Lord Wakeham, former cabinet minister on the board; Amschel Rothschild, fund management chief who committed suicide

\$5bn ADT merger scrapped

DAVID USBORNE
New York

The proposed \$5bn (£3.2bn) merger between ADT, the Bermuda-based commercial and home alarm giant run by Michael Ashcroft, and Republic Industries, a relative newcomer to the electronic securities field, has been scrapped.

Originally announced in July, as a stock transaction, the deal had been considered doubtful for some time because of volatility in Republic's stock value. Meanwhile, Western Resources, a US utilities company that holds 24.3 per cent of ADT, had also made plain its opposition to the merger.

Its collapse will bring embarrassment to Wayne Huizenga, the chairman of Republic, who is famed in the US for his aggression in building businesses. Mr Huizenga is the mogul who forged the Blockbuster video retail empire which he finally sold for \$3.4bn.

Since assuming control of Republic last year, at the time a sleepy waste haulage business, Mr Huizenga has engineered more than 30 acquisitions, turning the company into a combine with security, waste haulage and used-car interests. The absorption of ADT, already the largest security firm in the US, would have transformed Republic into the unassailable leader in the sector.

ADT, chaired by Mr Ashcroft, saw its shares dip on the news in early trading in New York yesterday by \$1 to \$18.875. Shares in Republic were pushed up slightly.

"The delay in completing the transaction forced both companies to put business expansion plans on hold for too long," Mr Ashcroft said in a statement. "Both companies will now be free to resume their individual business plans."

Analysts will watch Western Resources, which may be interested in taking majority control of ADT.

The merger, that had been scheduled for completion before the end of the year, was probably doomed last summer when shares in Republic tumbled from a high of \$29 when the deal was first announced to lows of around \$20. Thus, the returns that had been promised to ADT shareholders, including to Western Resources, suddenly seemed deflated.

"Despite both companies' initial enthusiasm about this transaction, we now have agreed that this combination is no longer in the best interests of our respective companies," Mr Huizenga said in a statement of his own.

IMF to agree interest payments by Christmas

There is gold pouring into the Treasury. Not the real thing, unfortunately. Thousands of postcards shaped like gold ingots have been sent by supporters of Oxfam to praise Kenneth Clarke, Chancellor of the Exchequer, for his role in the initiative to reduce the interest that the world's poorest countries must pay on their debt.

The initiative will not at first be financed by the sale of some IMF gold, as Mr Clarke had advocated. But the initial financing was agreed during the weekend and the \$5.6bn (£3.6bn) package received its final approval at the annual meeting of the International Monetary Fund yesterday.

The Chancellor also backed a proposal by Renato Ruggiero, head of the World Trade Organisation, to take the relief of poverty in developing countries to its next stage by abolishing tariffs on their exports. He said: "We need to give poor countries the chance to grow through access to world markets."

However, the trade liberalisation proposals could prove controversial as at least two of the G7 countries, France and the US, lean towards protecting their domestic industries from Third-World competition. Those two countries have been pushing for international trade

Uganda and Kenneth Clarke are two beneficiaries of a plan to reduce debt in the Third World. Diane Coyle reports

agreements to incorporate minimum labour standards, which would close western markets to goods made by children or by forced labour.

Negotiations on the debt reduction plan will start with Uganda, the first beneficiary. Officials said yesterday they hoped to have details agreed by Christmas and the debt reduction under way by 1998. Uganda's interest payments will be reduced by some \$80m a year. Its record of sound economic policies has earned it a place at the head of the queue.

Other countries could have to wait up to six years. The initiative is meant to rescue extremely poor countries from the trap of debt so big that their interest payments are greater than they could ever pay. About 40 borrowers, mainly African, are in this position, and about half could be eligible for relief from the new debt initiative. They include Burundi, Cote d'Ivoire, Ethiopia, Guyana, Mozambique and Nicaragua.

The aid charities welcomed the acceptance of the debt relief plan but expressed concern

that it would be applied too rigidly. Justin Forsyth, a spokesman for Oxfam International, said: "This is an historic breakthrough that offers real hope and opportunity. But the extent to which the hopes are realised depends on how quickly countries now start to get the debt relief."

Mr Clarke said the rules for eligibility must be applied with common sense and flexibility. He said lenders had to be sensible. "In the past, too many of the richer countries were prepared to lend to poor, already indebted countries for projects that did not add to their capacity to grow," he said.

In a separate meeting of the IMF's Interim Committee, finance ministers issued a statement stressing the importance of sound fiscal and monetary policies and structural reform in a multi-point statement dubbed the "Eleven Commandments" by Michel Camdessus, the IMF's managing director. It placed emphasis on "achieving budget balance and strengthened fiscal discipline in a multi-year framework".

Sky aims for BBC pay-TV equity

MATHEW HORSMAN
Media Editor

BSkyB, Rupert Murdoch's satellite giant, is gunning for an equity stake in the proposed £200m Flextech-BBC pay-TV joint venture, sources said last night.

It is understood that BSkyB will seek a significant share in the planned eight channels, in exchange for agreeing to offer them to its 3.8 million direct-to-home satellite subscribers.

If its intentions are spurned, BSkyB could elect to develop competing channels in advance of the Flextech-BBC launch, particularly arts and documentaries, as a spoiling tactic. At least

two independent documentary film companies have been approached by BSkyB to discuss developing a new channel.

The BBC has said it was against inviting BSkyB to participate in the pay-TV venture, which would see up to eight new BBC-branded pay-TV channels introduced by next summer. But Flextech, owned 51 per cent by John Malone's TCI, is believed to be more flexible. A source said last night: "We never rule anything out."

The threat of introducing competing channels was rejected last night as a negotiating tactic by the Flextech source. "It's the kind of thing any of us might do, but it

doesn't make sense. BSkyB has the chance to carry the new channels without taking any of the [financial] risk, and we are sure they will see it that way."

BSkyB, which is the leading pay-TV player in the UK, has sought equity stakes in many of the channels it has offered through its multichannel package. It has a 50 per cent share of Nickelodeon, the children's channel, as well as stakes in Playboy, QVC and Paramount. It is also a 40 per cent shareholder in Granada Sky Broadcasting, which launches seven new pay-TV services today.

BSkyB had been competing against Flextech for the right to develop the BBC channels,

which pay-TV operators see as potentially highly lucrative.

Meanwhile, it emerged yesterday that a crucial side deal by Flextech, to consolidate its holdings in UK Gold and UK Living, was still "a long way from being completed."

The deal, which would see Pearson and Cox Communications of Atlanta sell their minority stakes in the channels in exchange for non-voting shares in Flextech, must be completed before Flextech's proposed joint venture agreement with the BBC can go ahead. This is because UK Gold currently holds the exclusive pay-TV rights to BBC library programming.

Stanley to lose £2.25m after jockey's wins

NIGEL COPE

Britain's smaller bookmakers were yesterday counting the stock market cost of jockey Frankie Dettori's record seven wins at Ascot on Saturday.

The 25,095-1 feat forced Stanley Leisure to issue a profits warning while shares in bookie minnow Surrey Group lost a quarter of their value to close at 0.75p. Stanley Leisure said the Dettori wins would cost the group around £2.25m in its first-half results to 28 October. Two of its punters had won more than £200,000 and another won

£100,000 while 27 others had placed bets yielding five-figure returns.

The company said that apart from "this unprecedented situation", trading to date in the racing division was satisfactory with turnover and margins improved on the same period last year. Stanley Leisure has more than 500 outlets after acquiring the Gus Carter chain in May.

Surrey Group, which is trying to diversify away from betting, said Saturday's events would cost it £100,000 with two customers netting £24,000 each. "Hopefully we'll never see anything like that

again," said Surrey Group's company secretary, Paddy Bolger. "We just couldn't hedge our bets. No one would take them."

He said the company was introducing fruit machines to its betting offices and developing a golf course which will open in June.

He was speaking as Surrey Group announced widening losses of £4.66m in the year to March. This compared to a £17,000 deficit last year. The operating losses were £1.3m added to £3m of property losses and write-downs.

Surrey Group blamed the

National Lottery, poor weather and freak results for one of its worst years in betting. However, it said trading since the end of March had shown some recovery with tight cost control leading to better margins.

John McNair, chairman, said initial results from introducing amusement machines to betting shops had exceeded expectations.

Mr McNair said in a statement of his own.

STOCK MARKETS					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
FTSE 100	3953.70	+7.30	+0.2	3977.20	3692.30
FTSE 250	4391.10	+15.10	+0.3	4568.80	4015.30
FTSE 350	1969.80	+1.40	+0.1	1985.80	1616.60
FT SmallCap	2167.10	-2.98	-0.1	2244.36	1954.06
FT All-Share	1945.00	+1.07	+0.1	1961.01	1791.95
New York	5901.77	+28.85	+0.5	5894.74	5032.94
Tokyo	21556.40	+9.38	+0.0	22666.80	19734.70
Hong Kong	11902.43	+143.04	+1.2	11902.43	10204.87
Frankfurt	2651.85	-7.19	-0.3	2686.55	2253.36

Source: FT Information

INTEREST RATES					
Short sterling	UK medium gilt	US long bond	Money Market Rates	Bond Yields	
Index	1 Month	1 Year	Medium Term (%)	Year Ago	Long Term (%)
UK	5.88	6.25	7.68	8.04	7.79
US	5.44	5.88	5.68	6.15	6.92
Japan	0.44	0.59	2.82	2.62	-
Germany	3.06	3.22	6.10	6.57	6.90

* 100 = 100 basis points

CURRENCIES					
Index	Close	Day's change	Year Ago	Index	Close
£/\$	1.5634	-0.03c	1.5887	£/DM	0.6398
\$/DM	1.5634	-0.03c	1.5887	DM/£	0.6398
DM/£	1.5634	-0.03c	1.5887	DM/¥	1.5253
¥/£	1.5634	-0.03c	1.5887	¥/DM	111.375
¥/DM	1.5634	-0.03c	1.5887	¥/£	100.825
£/¥	1.5634	-0.03c	1.5887	£/DM	97.5
£/DM	1.5634	-0.03c	1.5887	£/¥	93.5

* 100 = 100 basis points

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It's not too late for British Gas to reconsider

Hill dispute costs Grand Met £36m

Lane checks out of Holiday Inns

As part of a recent trading statement, Bass said profits at Holiday Inn, which is the world's largest single hotel brand, had risen during the second half year, although at a slower rate than in the first half. Yesterday's announcement came after the close of trading, during which Bass's shares had fallen 5 5/8 to 77 7/8.

Legal case hits Imperial shares

Rise in house prices may slow

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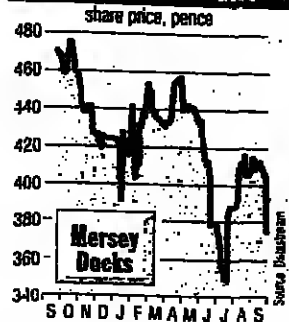
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SHARE SPOTLIGHT



Dettori's winning streak may cost bookmakers £30m

It was not quite the crash that stock market pundits had been expecting. Instead of dealing room floors, the drama of "Black Saturday" was played out at Ascot racecourse, where popular jockey Frankie Dettori created turf history by riding all seven winners on the card at accumulated odds of over 25,000-1, leaving bookmakers to nurse record losses.

Like the death toll from an earthquake, estimates of the damage done to the betting industry rose almost by the hour. Before the stalls opened on another week's trading, analysts reckoned the bookies had been stung for £10m, with ABN-Amro Hoare Govett suggesting Ladbrokes, Britain's biggest bookmaker, was in for £2.5m. But those figures soon looked like wishful thinking after Stanley Leisure, a smaller player, issued a Stock Exchange statement saying Dettori's win had cost it £2.25m

alone. Stanley's shares closed 7p lower at 235p.

By early afternoon, estimates of the total hit had soared to £30m, with William Hill, owned by Brent Walker, £8m out of pocket and Bass-owned Coral £4m poorer as a result of Dettori's winning streak. Shares in Bass ended 5.5p off at 779.5p but Brent Walker, buoyed by a deal with GrandMet that settled a long-running dispute over William Hill, closed 1p higher at 3.5p.

Ladbrokes was still counting its losses last night but through gritted teeth a spokesman said Dettori's achievement was good news for the industry in the long run as it had raised the profile of racing. Ladbrokes's shares finished 2.5p higher at 209.5p.



MARKET REPORT

PATRICK TOOHER

shares fell 0.25p to just 0.75p after reporting increased losses of £4.7m in the year to March.

Utilities were also under the whip as political worries resurfaced. Investors took fright over fears, reiterated yesterday in Blackpool by the shadow chancellor, Gordon Brown, that an incoming Labour government would impose a windfall tax on the privatised monopolies. Electricity and water shares were hardest hit, with Southern Electric down 23p at 615.5p, Severn Trent 15.5p at 590p, PowerGen off 10.5p at 485p and United Utilities 15p lower at 570.5p while Thames

Water shed 13p to close at 538.5p. Analysts said the share price slide was prompted by concerns that the tax might be up to £10bn.

Away from the utilities, the stock market ended the third quarter on a quiet but positive note amid selective buying of other blue chips. The FT-SE 100 index reversed an early 12-point loss to end the day up 7.3 at 3,953.7.

Shares in GKN rose 21p to 1121.5p on news of the engineering and automotive components group's £100m contract to sell the German government seven Super Lynx helicopters.

Rolls-Royce, 4p firmer at 239.5p, also benefited from contract news. It has formed a joint venture with the overseas consultancy arm of Mersey Docks & Harbour to land a \$155m (£100m) contract to run a port terminal in Argentina for the next 12 years.

However, shares in Mersey Docks marked the first anniversary of a bitter dispute between the company and 329 sacked dockers by sinking 14p to 370p. There were ugly scenes yesterday as a group of 20 demonstrators occupied the roof of the company's headquarters in Liverpool but Mersey Docks said the port continued to work normally.

Mersey's shares have fallen by 10p, or a fifth, since the dispute began.

Elsewhere in the transport sector, shares in Eurotunnel were suspended at 113.5p at the start of trading and are likely to remain so until a French court gives its reaction to a re-

port on the progress of talks between the company and its bankers.

Matthew Clark, still reeling from the takeover wars, enjoyed a rare day in the sun, rising 19p to 337.5p on talk that Guinness might soon make a bid. The recovery came despite the cider maker reportedly dismissing the story as "equivalent to a rumour that B32 bombers have been found on the moon".

TAKING STOCK

News that UK Active Value, the fund run by Julian Treger and Brian Myerson, had picked almost 8 per cent of Kenwood pushed shares in the household appliance maker 11p higher at 218.5p.

Shares in Burger King franchisee and motor dealer Gowring's raced ahead 16p to 92.5p after Guinness Peat said it hoped to make a recommended offer of not less than 90p. Guinness Peat is already Gowring's biggest shareholder with a 14 per cent stake.

As predicted in this column on Saturday, shares in Goodwin moved sharply higher after the tiny foundry business reported a surprise 800 per cent profit advance to just over £2m. Shareholders get a special "loyalty" dividend, making a 17.94p total against 0.655p. The shares soared to 105p from 60.5p on the news and have climbed from 33p since March.

Aminex gained 3.5p to 58.5p. The oil and gas group has placed some 6.9 million shares, or 15 per cent of its enlarged share capital, with the International Finance Corp. at 57p. The IFC, the equity arm of the World Bank, is also granting Aminex a \$17m unsecured loan facility. The funding will help Aminex finance development of the Kirtay oilfield in Russia and the El Biban oilfield off Tunisia.

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Revised deal could end stalemate on Refuge merger

JILL TREANOR
Banking Correspondent

Refuge's planned £1.4bn merger with United Friendly, which has been bogged down for weeks over rows with institutional shareholders, appeared to be making some progress towards a conclusion last night.

Britannia and Prudential, which have 10 per cent and 6 per cent stakes respectively in Refuge, said they would back a revision to the deal that resolves a dispute over the value of so-called orphan assets.

Orphan assets - a surplus on life funds - are a common problem for insurance companies, both in terms of valuation and in attributing ownership to them.

Refuge now plans to issue a new security which aims to put a value on the orphan assets. Each Refuge shareholder will receive three new securities for every one Refuge share, which will be convertible into ordinary shares of United Assurance - the intended name of the merged company.

However, a shadow is still cast over the merger by Perpetual, the fund manager and a big shareholder in Refuge, which says it has yet to make up its mind about the revised deal.

Neil Woodford, a senior fund manager at Perpetual who robustly objected to the original merger terms, was unavailable for comment yesterday.

While he was said to be encouraged by Refuge's new approach to the orphan assets, he apparently still harbours some reservations. Sources close to Perpetual said he would probably make a firm decision on whether or not to sanction the revised deal later this week.

Paul Dayus, assistant investment manager at Britannia, said he had always understood the logic of the merger. "We believe these new terms... have addressed a potential problem," he said.



Confident: John Cudworth believes the merger can go ahead

John Cudworth, chief executive of Refuge, said the new special securities would have a life time of six years which could be extended for another two years.

"I am confident that the issue of the new security satisfies the concerns raised by our major shareholders and I look forward to the completion of the merger," Mr Cudworth said.

The new securities will not be listed but will transferable and Mr Cudworth thought it was possible that some of the large market makers may be prepared to make a market in the shares.

Refuge, which has so far had only a tiny amount of acceptance for the deal, will call an extraordinary general meeting for later this month to vote on the merger and the issue of the new securities.

Most of United Friendly's shareholders have accepted the deal. Refuge's interim results, also released yesterday, showed ordinary periodic premium business rose 14 per cent in the first half of 1996, reaching £7.9m. Industrial business, though, fell 6.1 per cent.

Imperial emerges in good shape

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

375p. Imperial stands on a forward multiple of under 9, based on BZW's forecast profits of £335m for the current year. With a forecast yield of 7.3 per cent, they are worth holding.

Chez Gérard is beefed up

It's been quite a year for Groupe Chez Gérard. A flurry of acquisitions that have more than doubled the size of the company and demanded a massive reorganisation programme, the return of bombs to its central London headland and a collapse in the public's confidence in beef, one of the group's mainstays.

To have increased profits by 23 per cent to £2.86m and earnings per share by 28 per cent to 10.8p in those circumstances is an impressive performance. Shareholders were rewarded by a 17 per cent jump in the dividend to 2.8p and a 6p rise in the share price to 242.5p.

Chez Gérard appears to have pulled off that most difficult of tricks, bring-

ing the economies and efficiencies of a chain to a group of individualistic and (reasonably) upmarket restaurants. The plan is to double again in the next three years, as they have in the three since flotation, while retaining the restaurants' character.

The investment case for Groupe Chez Gérard hangs on three main variables. Will the economic background remain favourable, will the trend towards eating out continue and does the company have the resources, financial and management, to benefit fully?

There would appear to be plenty of evidence of rising consumer confidence, at least in the short term, and figures from the Henley Centre suggest a social sea change is occurring that will see us spend a much larger proportion of our disposable income on eating out than we ever have done before. We still lag way behind France and the US.

As for management, the appointment of a new, full-time finance director is a sensible step forward, as is that of a new general manager for the Chez Gérard brand. With only nine restaurants, all within London, this is still a manageable company - even

twice as big, it would not stretch the current team too thinly.

On the basis of forecast profits of £3.4m this year and £4.1m next time, the shares stand on a prospective price/earnings ratio of 19, falling to 15. Compared to other companies in the sector, and measured against a growth rate of more than 20 per cent a year, that is not too demanding and the shares remain good value.

Oasis shares are proving fertile

Oasis Stores has been a storming investment since floating last year. Placed at 148p in June, the women's fashion chain's shares have comfortably doubled, even after yesterday's 13.5p dip to 392.5p. The group appears to have overcome its legal difficulties with former owners Graham and Edwina Brown and is thriving on an increasingly successful trading formula.

Pre-tax profits came close to doubling in the 26 weeks to July, rising from £2.61m to £5.19m in the period, with earnings per share up a third to 6.47p from a pro forma figure of 4.86p.

The figures were driven by new shops and healthy like-for-like sales growth of 10 per cent. Over the year to July, the group had opened 22 more stores, including concessions, raising the total to 92, with a further eight added since the period end. But even with most of those outlets being in the UK, Oasis believes there are still at least 50 suitable sites where the group is not represented in the domestic market. Overseas, it has just begun to scratch the surface in Germany and in the Gulf.

But all of this frenetic activity would hardly be justified without a strong underlying market, and it would appear that, so far, Oasis has hit the mark. The underlying 10 per cent growth has continued into the first eight weeks of the new year and brokers are looking for profits to jump from £9.87m to £14.3m in the full year. That puts the shares on a healthy p/e of 22.

The market may be right to be cautious. The company is looking at diversifying its distribution and is talking to potential partners about the Internet and mail order. But that will not be enough if the notoriously fickle youth market at which Oasis aims is suddenly turned off its designs. Just conceivably, Sears may be tempted to bid, given its ownership of the Warehouse chain, a former vehicle of the Bennett brothers who now run Oasis, but the shares are high enough.

IMPERIAL TOBACCO: AT A GLANCE

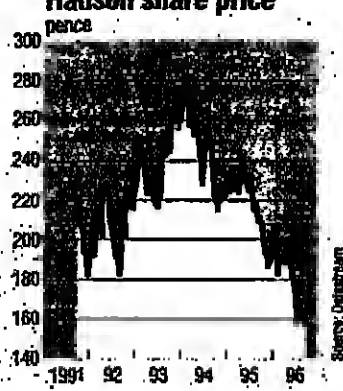
Market value: £1.83bn, "grey" market price 370p

Five year record	1993	1994	1995	1996	1997
Operating profits (£m)	281	315	328	348	375
Dividends per share (pence)					20
1 p per share					BZW estimate

UK cigarette market share



Hanson share price



Rank sells its engineering interests for £72m

MAGNUS GRIMOND

Rank Organisation, the Butlins to Hard Rock Cafe group, yesterday kicked off its planned £300m disposal programme with the £72m sale of Rank Precision Industries, an engineering group.

The proceeds will help pay for the Tom Cohligh pub chain, which Rank agreed to buy last week in a £113m deal, although

they will initially be used to reduce borrowings. Rank's shares added 1p to 428p yesterday.

The four businesses grouped under Rank Precision Industries are being sold to Schroder Ventures, the venture capital arm of Rank's merchant banking advisers, which has put together two management buy-in teams for the deal. The consideration comprises £63m in cash and £9m in loan notes.

The sale follows the shake-up of the business instigated by Andrew Teare, who took over as chief executive earlier this year. As well as laying the groundwork for the sale of its £1bn-plus stake in the Rank Xerox copier group, Mr Teare last month unveiled plans to dispose of £300m of peripheral assets over the next two years.

He said yesterday: "Our strategic review in August clearly identified Rank's focus on leisure retailing and film and entertainment services. RPI's engineering businesses do not fit within this strategy."

There was no news yesterday of progress on the sale of the other operations earmarked for sale, which include the Shearings holiday coach firm and Kingston Plantation, a US holiday business. Rank would make no comment on reports

that a £75m buyout led by a former director, Angus Crichton-Miller, was the preferred bidder for Shearings.

Yesterday's sale involved four businesses which are said to have been back to Rank's days as a film maker. RPI comprises Taylor Hobson, a maker of precision measuring equipment, Strand Lighting, involved in theatrical and studio lighting, Cintel, which manu-

factures telecine equipment, and the electronic display products division of Brimar. The digital projection business, formerly part of Brimar, is not being sold.

Taylor Hobson, Cintel and Brimar are to form a new group, Precision Instruments, which will be headed by Phil Tempest. Strand is to form a separate £21m deal led by Jim Ryan.

Britannia buys loan portfolio for £1.1bn

Britannia Building Society yesterday bought a £1.1bn mortgage portfolio from Citibank, the US bank, expanding its overall mortgage book to £10bn, writes Jill Tremain.

"It's a big book. It's got value for our members," said Trevor Bayley, finance director of the Britannia, declining to disclose the how much the society had paid for the mortgages.

He said it was one of the society's largest deals and did not rule out further acquisitions. "If we see a transaction which looks like good value we would consider it."

However, he noted, there are few other mortgage portfolios of this size for sale on the market. Citibank customers will not notice immediately any difference to the way their mortgages are handled. Britannia

intends to write to the 30,000 Citibank customers whose mortgages it now owns in the next few weeks to inform them how their mortgages will be administered.

The mortgages cover a range of properties throughout the country and the loans range from variable rate to special loans for customers with small deposits and fixed-rate deals. Citibank Customer Bank is left with £500m of mortgages in its portfolio, which it intends to keep.

The mortgages it sold to Britannia were for customers who only use Citibank for their mortgage and no other service.

"This transfer brings our UK mortgage business into line with our global strategy," said Meredith Williams, UK executive director of Citibank Consumer Bank.

TV luminaries wish Bottomley would keep her appointments

Virginia Bottomley is not winning any friends in television circles, if last week's events are anything to go by. The National Heritage Secretary invited a group of television luminaries to her offices last Wednesday, asking them to bring along their "wish lists" for what the government should do for the broadcasting sector.

The time was set at 5.30 and broadcasting notables such as Bruce Gyngell of Yorkshire Tyne Tees, Nigel Walsley of Carlton and Steve Morrison of Granada Media turned up on the dot.

Mrs Bottomley, sadly, did not. She arrived at 5.50, spent another five minutes fussing around trying to find an underling to join the throng, and then announced she would have to leave within 10 minutes for another engagement.

The wish lists never even made it out of the guests' lapel pockets. Mrs Bottomley devoted the entire 10-minute "meeting" to a finger-wagging lecture about digital television.

The new "Big Cat" logo at the legal firm Osborne Clarke has caused a bit of a "to-do" among M'Leans Friends. Osborne Clarke's is one of the few legal practices to have a logo of any sort. And Leslie Perrin, a senior partner, was keen on the design because it represented something different. "Most law firms are still into quill pens and gossers in wigs," he said. "It is as if longevity and tradition are all they are prepared to sell. Well, we were founded in 1720 but we think that speaks for itself. We wanted something that was more modern."

PEOPLE & BUSINESS



Top hats and white ties: Chez Gérard's management trio step out to promote Scotts

But the "Big Cat" image immediately sparked a wave of "Fat Cat" jokes. Mr Perrin was sent five cans of cat food every day for a week as well as a steady flow of mail, complimentary and otherwise. The cat food will not go to waste. Mr Perrin has eight cats after one of his moggies presented him with six kittens the other week.

Management at Group Chez Gérard, the London restaurant group, put on the glad rags yesterday to promote the relaunch of Scotts, the Mayfair restaurant, which reopens next month.

Neville Abraham and Lawrence Isaacson donned top hat and white tie for the photos. The new finance director, Clare Whitley, was asked to sport the same kit too.

"It's one way of getting her in trousers," Mr Isaacson said.

Dress size news from Oasis, the women's fashion chain led by Michael and Maurice Bennett. The company has had to "go up a size" in its new German stores to accommodate the fuller figure of the Teutonic frau. The new size 16 has proved successful and has since been introduced in the UK stores too.

In Taiwan, however, the company has had to indulge in a bit of garment "downsizing" or "shrinkage". There, the smaller Oriental physique has required smaller sizes to be added to the range.

Cantor Fitzgerald recorded a convincing victory in the Reuters City Sevens rugby challenge in Richmond on

Sunday. The Cantor team, which included two Harlequins players, thumped last year's winners, Lloyd's of London, 33-19 at the Richmond Athletic Ground in Surrey. Almost 2,000 spectators watched humiliations such as Cantor scoring 52 points against Ernst & Young. The event raised £3,000 for Sparks, the children's charity, and even Ernst & Young salvaged something from the wreckage of their afternoon. They went on to win the plate for first-round losers. The event organiser, ex-Hoare Govett broker Keith Shepherd, declared the event a triumph. "It was the first time in 15 years that all the teams have turned up."

Nigel Cope

IN BRIEF

• Shares in computer group DCS jumped 28p to 225.5p yesterday after a leap in profits for the year to June from £610,000 to £2.37m. Earnings per share increased by 66 per cent to 6.31p and the board is recommending a final dividend of 1p, making 1.5p for the year. Robin Lodge, chairman, said: "The three legs of our business are now well established and the integration of the management teams is complete. The current year has begun very well with a strong order book, a well balanced portfolio of products and services and the best list of prospects we have ever enjoyed."

• Celsis International, the specialist in rapid microbial testing for the quality assurance market, launched an £11.1m rights issue yesterday to fund the proposed £11.2m acquisition of Lumac, another microbial testing company. At the end of August Lumac had net assets of £2.65m and made profits before tax of £1m in the year to that date. The 3 for 20 cash call is underwritten by Panmure Gordon at 100p a share. Celsis's shares closed 1p lower at 112p.

• Stuart Wallis, former chief executive of Eisons, will become chairman of Yorkshire Group from 1 October. He replaces Philip Lowe, who has been chairman since 1987. Michael Greenhalgh, group managing director, said: "Stuart Wallis has a proven track record in the development and implementation of global business strategies. We are especially pleased to have secured his services."

• Personal Number Company, which provides a call forwarding service so that individuals or businesses can keep one phone number even if they move, jumped to a big premium on its first day of dealings on the Alternative Investment Market. Placed at 60p, the shares valued the company at £10.2m, well below initial expectations of about £15m. The shares closed at 101.5p.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Angren Chemicals (I)	38.31m (37.02m)	1.04m (1.63m)	4.5p (7.4p)	2.5p (7.4p)
Beaumont City (I)	67.68m (67.68m)	3.85m (3.11m)	6.85p (6.23p)	5.25p (4.84p)
Clear Brothers (I)	-	45.11m (28.98m)	24.8p (22.3p)	10.0p (8.5p)
Compassway (I)	68.61m (63.43m)	18.7m (2.5m)	21.8p (17.3p)	10.0p (8.8p)
Continental Group (I)	2.16m (2.16m)	7.5m (16.5m)	7.3p (2.4p)	6.25p (7.50p)
Edinburgh Energy (I)	48.61m (15.80m)	15.27m (6.4m)	4.41p (2.50p)	0.87p (0.48p)
Freemantle (I)	35.52m (28.35m)	2.55m (45.78m)	1.4p (4.4p)	0
Harper Lane (I)	31.77m (22.0m)	0.01m (4.42m)	0.5p (1.1p)	2.2p (1.4p)
Island (I)	119.4m (108.7m)	-21.8m (11.8m)	-51.8p (10.0p)	3.0p (2.8p)
ISS (I)	115.8m (117.4m)	14.22m (12.05m)	9.8p (10.2p)	2.4p (2.2p)
Transfield (I)	113.8m (106.2m)	4.51m (3.1m)	3.1p (2.3p)	0.8p (0.7p)
T&B Stores (I)	548.4m (216.5m)	2.70m (8.00m)	0.30p (0.30p)	3.0p (2.8p)

(I) - First (II) - Interim (M) - Nine months

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On Tuesday 8th October, BT introduce a telephone table everyone will appreciate.

THEY THINK IT'S ALL OVER...

Time to change the rules of the fiscal game

One of the oddities about finance ministers is that they never say that one of their aims is to increase the national debt. But virtually all of them do it.

There are nearly 200 finance ministers to Washington for the annual meetings of the International Monetary Fund and World Bank. Only a handful (on a quick tally, fewer than 10) run a budget surplus last year. The most important single thing that finance ministers do is to set the appropriate balance between taxation and public spending. By their own standards, virtually all fail.

When people do the opposite of what they say you can call them hypocrites. But that is a touch unfair. What is wrong is surely not so much human failure, though there is enough of that, but system failure. Something is very wrong with the way that tax and spending policies are determined throughout the developed world. It is an issue of enormous importance and if you want to choose a time when it has come to a head, this is the moment.

In the past few days there have been budgets, proposed or agreed, in four of the group of seven countries: the US, Germany, France and Italy. All had deficits, but all produced budgets which, in theory at least, cut those deficits.

Fiscal "responsibility" is the mood of the hour. These cuts are taking place for different reasons. In the US, a Republi-

can congress, though one rather cowed by President Clinton's poll lead, has a deal which a leading Republican, Bob Livingston, called a downsizing of government. "For the first time in modern history, we have reversed the course of government. We have begun downsizing," he said.

What is wrong is not human failure, but system failure

The three European countries have all cut their deficits to try to meet the Maastricht requirements, although not very credibly in the case of

France and Italy. As for the other group, except quite sharp tightening in Japan next year and, to judge by Kenneth Clarke's comments in Washington, a respectable further cut in the UK deficit come November.

So everyone's tightening. If you want to see a parallel, think about the mood of monetary policy in the early 1980s. Everyone agreed that something had to be done about the inflationary explosion of the 1970s and gradually, painfully, order was restored. Through the 1980s a set of guidelines was established that countries could use to maintain monetary discipline: money supplied targets; inflation targets; greater independence for central banks, and so on. Now the same is happening to fiscal policy.



ECONOMIC VIEW HAMISH McRAE

What are these rules? The learning process has only just begun. The IMF has just set up working party to look at the usefulness of various types of fiscal rules but this has yet to report. Still you can see some of the ideas that are around.

The place to start is decent and honest public accounts. Budgets are still drawn up on a year-by-year basis with maybe some projection for the next three or four years, projections which frequently turn out to be over-optimistic. Capital spending and current spending are frequently confused, and off-

balance sheet liabilities concealed or ignored. Changes are being made to try to improve this in a number of countries, the UK included. But the fact remains that countries are run with a set of accounts that would disgrace a medium-sized commercial company, let alone a multinational.

Two changes in particular are needed. One is to have figures for unfunded liabilities: things to which a government is committed but which do not appear in current spending. These would include future pension

liabilities. The other is to have multi-year budgets so that people can see the long-term consequences of decisions that are taken now.

Once there are decent accounts you can start to think of rules. These could be self-imposed on a country-by-country basis rather than the way that Gordon Brown has proposed some rules for the future Labour Chancellor. Or they could be imposed by some external bodies like the European Union.

The EU is now debating the form that discipline might take on member governments that run excessive fiscal deficits post-European Monetary Union. But both these ideas are unsatisfactory. There's nothing stopping a government breaking its own rules. And if the Maastricht convergence criteria are unpopular, think of the

idea of European Union fines for a country that happened to break the dictat of the EU bureaucrats. But something has to be done.

In the case of monetary policy what has happened is that, to some extent, decision-making has been taken away from politicians. It's been passed to

Governments should not have the right to run large deficits

more-or-less independent central banks and, in practice, also to the world's financial markets. I suspect that the same sort of process will take place over

the next 20 years or so with fiscal policy.

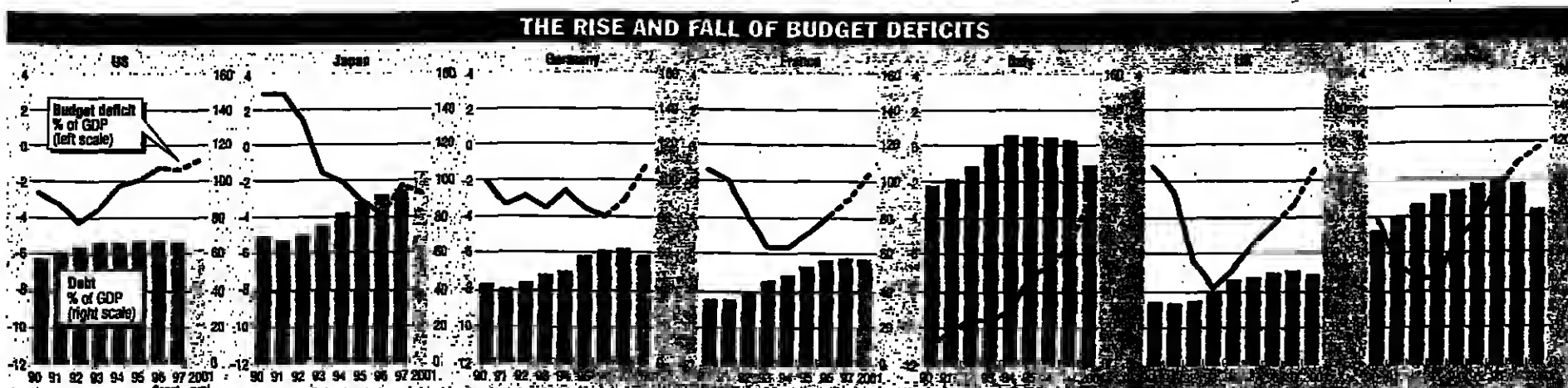
Countries might establish some kind of independent body which would oversee the budgetary process. Other bodies might look at segregating social security funds so that these funds were free from political interference. It would not be possible for a government to raid people's savings to deliver tax cuts, even though those savings were merely part of a general social security contributions budget.

The markets will help too, for the more that responsible fiscal policy becomes the fashion, the more the markets will punish governments that run large deficits by whacking up long-term interest rates. The IMF may, at the margin, also help by sketching some kind of good government practice.

But maybe the biggest change has to be in social attitudes about the proper extent and role for elected government.

We will come to think of government as not having the right to run large deficits: this is something which ought not to be part of the political process, just as we regard politicians now as not having the right to interfere with the judicial process. Wise politicians will recognise this and respect it.

Evidence that such a sea-change has begun? It is, I admit, but we, and I mean the whole developed world, not just the UK, can't go on as we are.



Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
Italy	2.3736	46.63	142.166	52221
Japan	141.2	75.70	225.298	1138
ECU	1.2515	15.11	45.40	12463
Belgium	40.6086	41.26	124.26	203790
Denmark	5.9591	59.16	446.235	58565
Netherlands	2.6760	65.57	197.174	1709
Ireland	0.9762	7.3	20.14	16016
Spain	1.664	120.30	310.300	65045
Greece	200.25	21.97	69.86	64.72
Sweden	13.365	0.5	1.5	66200
Switzerland	1.9898	54.46	165.192	12536
Australia	1.5739	20.31	67.85	12637
Hong Kong	8.0000	101.91	224.170	72380
Malaysia	3.9007	1.2	3.2	15.35
New Zealand	2.2200	42.37	133.49	23505
Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Forward rates quoted here are at a discount: subtract from spot rate to add to spot rate.
"Dollar rates quoted are at a premium."
For the latest foreign exchange rates call 0800 123 3033.
Calls cost 30p per minute (cheaper rate) 40p other times.

Other Spot Rates

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
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Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Interest Rates

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
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Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Bond Yields

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
Italy	2.3736	46.63	142.166	52221
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New Zealand	2.2200	42.37	133.49	23505
Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Money Market Rates

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
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New Zealand	2.2200	42.37	133.49	23505
Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Life Financial Futures

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
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Malaysia	3.9007	1.2	3.2	15.35
New Zealand	2.2200	42.37	133.49	23505
Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Industrial Metals

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
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Sweden	13.365	0.5	1.5	66200
Switzerland	1.9898	54.46	165.192	12536
Australia	1.5739	20.31	67.85	12637
Hong Kong	8.0000	101.91	224.170	72380
Malaysia	3.9007	1.2	3.2	15.35
New Zealand	2.2200	42.37	133.49	23505
Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Precious Metals

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
Italy	2.3736	46.63	142.166	52221
Japan	141.2	75.70	225.298	1138
ECU	1.2515	15.11	45.40	12463
Belgium	40.6086	41.26	124.26	203790
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Ireland	0.9762	7.3	20.14	16016
Spain	1.664	120.30	310.300	65045
Greece	200.25	21.97	69.86	64.72
Sweden	13.365	0.5	1.5	66200
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Australia	1.5739	20.31	67.85	12637
Hong Kong	8.0000	101.91	224.170	72380
Malaysia	3.9007	1.2	3.2	15.35
New Zealand	2.2200	42.37	133.49	23505
Saudi Arabia	5.9336	0.0	0.0	30.929
Singapore	2.2916	0.0	0.0	24.689

Commodity Indices

Country	Spot	1 month	3 months	D-Mark
US	1.5804	7.5	12.9	1000
Canada	2.2508	11.3	50.37	2-1
Germany	2.2346	52.46	150.42	12533
France	6.0691	61.54	397.367	53818
Italy	2.3736	46.63	142.166	52221
Japan	141.2	75.70	225.298	113

BALL
every Wednesday
and watch out for
transfer period,
g soon

ILIPS
the things better

INDEPENDENT
ON SUNDAY




FANTASY

FANTASY FOOTBALL

Check your scores every Wednesday and Sunday and watch out for our first transfer period, coming soon

 **PHILIPS**
Let's make things better

 **THE INDEPENDENT**  **INDEPENDENT**
ON SUNDAY

SPORT



'When blokes ask me for an autograph these days, they really mean it'
England's captain talks to Guy Hodgson

Page 22

Wilkins in right place for Hibs job

Football
NICK DUXBURY

Ray Wilkins could find himself again elevated from the ranks to officer class after Alex Miller's 10-year term in command at Hibernian came to a close yesterday.

The 40-year-old Wilkins, who was signed by Miller on a short-term contract after the mid-fielder's services as Queen's Park Rangers player-manager were no longer required, may well be Hibs' choice as they seek to stem a run of disappointing results, not least Saturday's embarrassing 3-1 home derby defeat by Heart of Midlothian.

In the meantime, the assistant manager Jocky Scott will assume control, with Wilkins joined on the list of candidates by Murdo MacLeod, Steve Archibald, Alex McLeish, Gordon Strachan, Willie Miller, Terry Christie and Alex Smith. Miller's resignation came after a lengthy conflict with a section of the Hibs' supporters. "These things happen in football and I thought this was for the best for both parties," he said. "I think the fans were beginning to try to get to me through the players." The 47-year-old Miller will continue as part-time assistant to the Scotland manager, Craig Brown.

Fans also made their influence felt at Wycombe Wanderers, where the manager, Alan Smith, and his assistant, David Kemp, were released with the team bottom of the Second Division without a win in nine League games.

Fans have been calling for the return of Martin O'Neill, who led the club out of the Vauxhall Conference before taking over at Leicester City. Supporters also called for the resignation of Smith, who spent just 15 months in charge at Adams Park following two years at Crystal Palace, at the end of last season.

"Alan has never really been accepted by the fans and that has made life extremely difficult," Kemp said. Manchester City's difficulties concerning their vacant manager's job continue with Willie Donachie, the former Molineux defender, joining the list of refusals and staying as first-team coach at Everton.

Ian Wright has apologised to David Pleat for the "pervert" comments he reportedly made about the Sheffield Wednesday manager. "It was said in a jovial manner at the end of a very long day. People were firing all sorts of questions and I didn't think it would be published. It was just a joke," the Arsenal striker said. "It was not meant to offend anyone and I can't apologise enough. I have spoken to David Pleat and I'm very pleased that he accepted my apology."

Paul McGrath's falling out with Aston Villa deepened yesterday with his chairman Doug Ellis insisting that the long-serving defender will not be allowed to leave for less than £200,000.

The 36-year-old McGrath was sent packing from the Villa squad who were preparing for last night's game at Newcastle after branding the decision to demand a fee when Coventry recently showed an interest as "nothing short of a disgrace".

McGrath, four times Villa player of the year since joining for Manchester United in 1989, has asked for a transfer in writing. Ellis, however, said: "All we are asking for is the signing-on fee of £100,000 and the money we have paid Paul since he signed a new contract. It comes to £200,000 in total."

Pierre Van Hooijdonk's troubles at Celtic have been overlooked by the Dutch, who have included the striker in the squad for the World Cup qualifier against Wales in Cardiff on Saturday. Van Hooijdonk, who Celtic say must abandon his claim for a wage rise or leave, is one of four strikers in the squad, along with Manchester United's Jordi Cruyff and Dennis Bergkamp of Arsenal.

Southampton have signed the Norwegian striker Egil Olsen from Viking Stavanger for £900,000. The 24-year-old Olsen has scored four goals in four internationals as well as 23 goals in 24 matches for his club.

Graham Kavanagh, the Middlesbrough midfielder, is to join Stoke City for £250,000, with the sum doubling if he plays 50 games for the First Division club. Wolves have confirmed their interest in another Middlesbrough midfielder player, Craig Hignett, who is on the transfer list at £750,000.

Maradona handed win on a Plate



Diego Maradona yells encouragement for Boca Juniors as his former club beat their arch rivals, River Plate, 3-2 in Buenos Aires. Maradona saw River Plate twice come from behind before a spectacular diving header by the Uruguayan Hugo Guerra earned Boca victory. Photograph: Reuters

'Friendly Games' under threat

Athletics

KIERAN DALEY
reports from Palma, Majorca

The Commonwealth Games face disaster after world athletics' governing body, the International Amateur Athletic Federation, announced plans to assert its control over the sport's rapidly expanding professional circuit.

Primo Nebiolo, president of the IAAF, revealed at the World Half-marathon Championships here that he will brook no opposition to future IAAF fixtures by denying rival events permission to be staged. Nebiolo also hopes to ensure the quality of his meetings by paying athletes cash prizes at all IAAF events from next year.

"We can do what we want because we are the governing body," Nebiolo said. "We have the strength to control the sport and disqualify any athlete taking part in other events."

The IAAF's moves could hit the next Commonwealth Games, often referred to as the "Friendly Games", in Kuala Lumpur. In announcing the dates for the 1998 World Cup in Johannesburg, the IAAF has lined up a clash. The three-day World Cup team event finishes on 13 September, 24 hours before athletics events at the Commonwealth Games start in Malaysia.

"We have a problem with the Commonwealth Games. They must fit in with us," Nebiolo said.

Besides the sheer physical demands of such a busy programme facing athletes who might have considered competing in both events, senior IAAF sources are confident the leading Commonwealth athletes will prefer to chase cash in the World Cup rather than compete for devalued Commonwealth titles.

Next year, the IAAF has already guaranteed prizes at the World Championships in Athens, with \$100,000 (£65,000) bonuses for world records.

The Commonwealth Games have been in decline as an athletics spectacle for some time. The organisers in 1998 and 2002, when they are due to be staged in Manchester, must fear that if the crowd-pullers are absent from the high profile track events, sponsors and television will desert the Games, too. "We are aware of the problems," a spokesman for the Commonwealth Games Federation said yesterday, and we are in discussions with the IAAF.

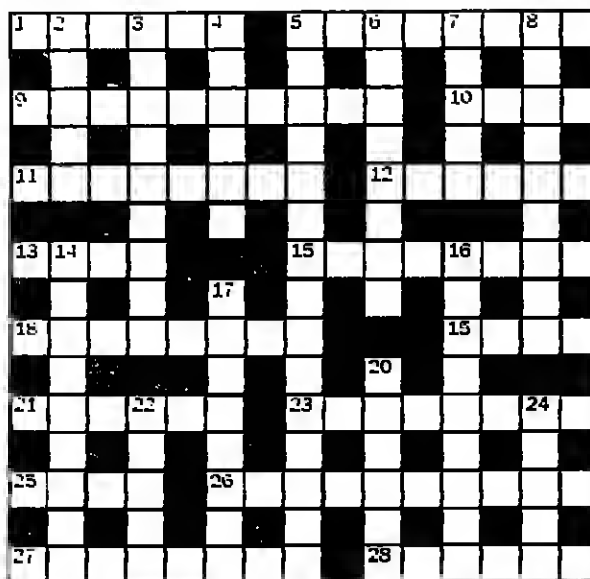
Roger Black, Jonathan Edwards and Steve Backley have been awarded the British Athletics Federation's athlete of the year award for the best performance in major international competition.

THE INDEPENDENT CROSSWORD

No. 1106, Tuesday 1 October

By Adred

Monday's Solution



- ACROSS**
- In favour of appropriate return (6)
 - Certainly right to reserve an annual (8)
 - It could cover worker adding carbuncle to Queen's diamonds? (6,4)
 - Old king, bad one (4)
 - Poison rogue rat by old tree (8)
 - American right engaged by staff of strict disciplinarian (6)
 - See a bit of mixed soil (4)
 - Sea tides affected part of New York (4,4)
 - Maybe once order one conservative to make a profit? (8)
 - Produced unrestrained energy (4)

- School suppresses letter's language (6)
- Hurried back because one has unnatural drowsiness (8)
- Second horse is a problem (4)
- Small support given at New Year; we English will get the same (5-5)
- For me it's potential state of the sacred (8)
- Poor aunt about to follow character (6)

- DOWN**
- Decay encompasses large temporary sleeping quarters (5)
 - Brother came down with cry of pain on island (6-3)
 - Drop it off without moving much (6)
 - Maybe advice to confessor? (3,5,3,4)
 - Star skier performs on a street (8)
 - It could be used to sweep out bachelor's apartment (5)
 - Dropped old fellows when getting rich (3-6)
 - Officer commanding copper on vessel to Cyprus gets possession (9)
 - Looms weaving name in fancy net make one sleepy (9)
 - Tie champ up with great stress (8)
 - Study features light coloured drawing stick (6)
 - Gravity abandoned by women rowers? (5)
 - Some characters contain nervousness within (5)

Salute for Solskjaer

Age Hareide gave a wry smile after Ole Gunnar Solskjaer increased his goal tally for Manchester United on Sunday. "If I had known he was going to carry on scoring like this, I would have sold him for £50m," the former Manchester City defender, now coach of the Norwegian club, Molde, said. Solskjaer has made an impressive start to his career in England. His double against Tottenham increased his haul to five goals, including one in the Champions' League game against Rapid Vienna.

He is not the only sporting hero in the family, however, for his father, Oyvind, was a champion wrestler in Norway. "I believe Ole has inherited some of his dad's qualities like perfect balance," Hareide said. "He also tends to move in front of goal which unsettles defenders and goalkeepers. He has a good first touch and quick feet. We worked on his finishing, especially with his left foot and it has paid off." "I saw the game against Tottenham and they were both quality finishes. He killed the defender for the

first, then rolled the second one in. The sky's the limit for the boy as he is with the right club. If he had gone to Southampton, for example, it might well have been a different story." "It is extraordinary the way he has handled the pressure and taken immediately to the big stage," Hareide said. "He is a quiet, calm boy who just loves playing football. Many experienced players freeze in front of crowds, but he doesn't seem to be one of them. All he is focused on is helping the team and scoring goals."

Beckenbauer raps 'selfishness'

Franz Beckenbauer, the Bayern Munich president, attacked his players after their 3-0 defeat by Werder Bremen at the weekend and demanded an immediate improvement for tomorrow's cup match against Borussia Mönchengladbach. "The selfishness must stop," Beckenbauer wrote in the German daily newspaper *Bild* yesterday. "Every player must be ready to help the other. That's what's been missing."

Bayern players and management held crisis meetings on Sunday to discuss the team's recent poor form - the side went out of the Uefa Cup last week at the hands of Valencia. Beckenbauer acknowledged the current situation was similar to last season, when Bayern began brightly but faded away as the players engaged in behind-the-scenes sniping and public squabbles. "But at that time, we had chalked up seven

wins so we felt secure and underestimated the signs of trouble," Beckenbauer said. "That won't happen to us again." The out of favour Jürgen Klinsmann, substituted at half-time against Bremen, said: "We've got major problems in building up our game and that goes right through the team. The whole system isn't working. I just hope we can pull ourselves together and show a reaction against Mönchengladbach."

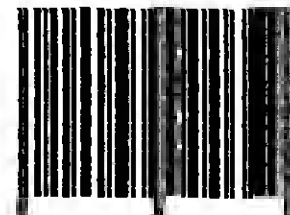
Whatmore for Lancashire

Cricket

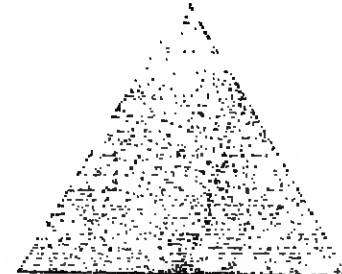
Lancashire last night appointed the Australian, Dav Whatmore, as their new head coach on a one-year rolling contract. Whatmore, who guided Sri Lanka to World Cup triumph earlier this year, fills the position vacated by the England coach, David Lloyd. John Stanworth, the second-team coach, temporarily deputised for Lloyd

this year, when Lancashire won both the NatWest Trophy and Benson and Hedges Cup, although they had a desperately disappointing Championship campaign. Whatmore played seven Tests for Australia, the last of which was in 1979. The Lancashire chairman, Bob Bennett, said: "Dav Whatmore is a proven winner and I am delighted he is coming to Old Trafford. He has experience at

international level both as a player and coach. He was very keen from the moment of the initial approach and everyone at the club is looking forward to working with him." Speaking from Nairobi, where Sri Lanka are competing in a tournament, Whatmore said: "I know that Lancashire are the biggest club in England. I relish the challenge of working alongside some very talented players at Old Trafford."



Bar code.



Altogether more interesting bar code.



Bass BEST SELLING PREMIUM CASK ALE SINCE 1777